

الشرق الاوسط

INTERNATIONAL

# Herald Tribune

Published with The New York Times and The Washington Post

No. 29,716

PARIS, FRIDAY, AUGUST 25, 1978

Established 1887

## Somoza Government Grants Demands

# Nicaragua Raiders Fly to Panama After Releasing Most of Hostages



A Sandinista guerrilla leader, called "O," waves to his followers as he boards a plane to Panama.

actly how many freed prisoners were released and flown out of the country, although the figure "about 70" was used. Nicaragua was believed to have about 150 political prisoners in its jails.

The guerrillas, members of the Sandinista National Liberation Front, shot their way into the National Palace while the Chamber of Deputies was in session Tuesday afternoon, killing eight persons, most of them National Guard officers, and wounding 15 others.

After the broadcast of their statement, the guerrillas postponed a deadline they had set to begin killing the hostages, who included many of Nicaragua's 70 congressmen and a number of government officials, and they released a large group of their captives.

About 500 persons were taken hostage when the guerrillas occupied the building. Yesterday morning, they freed 110 women and children, a condition the government set for opening negotiations, and turned over the dead and wounded.

### Little Food

More were let out during the day, and late in the evening 150 were released.

Some of those freed said there was little food inside the four-story building, but there was plenty of water.

The palace was ringed by members of the National Guard, Nicaragua's army, and the city's streets were heavily patrolled.

The government also ordered all airports in the country closed to civilian traffic, and international telephone calls to government offices were blocked.

Nicaragua sealed its borders with Honduras to the north and Costa Rica to the south, from which the guerrillas frequently launch attacks.

A second squad of Sandinista guerrillas continues to occupy Nicaraguan National Guard barracks in Chalupas, 12 miles north of the country's border with Costa Rica, according to the official Cuban newspaper Granma.

Occupation of the barracks is "an action within the framework of support being received by the Riberio Lopez Sandinista commando," Granma added.

There was no official word of ex-

spokesman for Gen. Somoza, said he believed that the guerrillas had agreed to accept a \$5-million ransom, half their original demand.

But Rafael Cano, chief of the president's office, said the guerrillas left with only \$71,000 in cash. He said the rest of the ransom was supposed to have been made out in checks.

Hostages Emerge  
After the guerrillas drove off from the National Palace, the hostages emerged in small groups and were led to waiting buses. Those freed included 54 members of Parliament and 35 reporters.

Earlier today, Justo Garcia, a spokesman for Gen. Somoza, said he believed that the guerrillas had agreed to accept a \$5-million ransom, half their original demand.

But Rafael Cano, chief of the president's office, said the guerrillas left with only \$71,000 in cash. He said the rest of the ransom was supposed to have been made out in checks.

Hostages Emerge  
After the guerrillas drove off from the National Palace, the hostages emerged in small groups and were led to waiting buses. Those freed included 54 members of Parliament and 35 reporters.

Earlier today, Justo Garcia, a spokesman for Gen. Somoza, said he believed that the guerrillas had agreed to accept a \$5-million ransom, half their original demand.

But Rafael Cano, chief of the president's office, said the guerrillas left with only \$71,000 in cash. He said the rest of the ransom was supposed to have been made out in checks.

Hostages Emerge  
After the guerrillas drove off from the National Palace, the hostages emerged in small groups and were led to waiting buses. Those freed included 54 members of Parliament and 35 reporters.

Earlier today, Justo Garcia, a spokesman for Gen. Somoza, said he believed that the guerrillas had agreed to accept a \$5-million ransom, half their original demand.

But Rafael Cano, chief of the president's office, said the guerrillas left with only \$71,000 in cash. He said the rest of the ransom was supposed to have been made out in checks.

Hostages Emerge  
After the guerrillas drove off from the National Palace, the hostages emerged in small groups and were led to waiting buses. Those freed included 54 members of Parliament and 35 reporters.

Earlier today, Justo Garcia, a spokesman for Gen. Somoza, said he believed that the guerrillas had agreed to accept a \$5-million ransom, half their original demand.

But Rafael Cano, chief of the president's office, said the guerrillas left with only \$71,000 in cash. He said the rest of the ransom was supposed to have been made out in checks.

Hostages Emerge  
After the guerrillas drove off from the National Palace, the hostages emerged in small groups and were led to waiting buses. Those freed included 54 members of Parliament and 35 reporters.

Earlier today, Justo Garcia, a spokesman for Gen. Somoza, said he believed that the guerrillas had agreed to accept a \$5-million ransom, half their original demand.

But Rafael Cano, chief of the president's office, said the guerrillas left with only \$71,000 in cash. He said the rest of the ransom was supposed to have been made out in checks.

Hostages Emerge  
After the guerrillas drove off from the National Palace, the hostages emerged in small groups and were led to waiting buses. Those freed included 54 members of Parliament and 35 reporters.

Earlier today, Justo Garcia, a spokesman for Gen. Somoza, said he believed that the guerrillas had agreed to accept a \$5-million ransom, half their original demand.

But Rafael Cano, chief of the president's office, said the guerrillas left with only \$71,000 in cash. He said the rest of the ransom was supposed to have been made out in checks.

Hostages Emerge  
After the guerrillas drove off from the National Palace, the hostages emerged in small groups and were led to waiting buses. Those freed included 54 members of Parliament and 35 reporters.

Earlier today, Justo Garcia, a spokesman for Gen. Somoza, said he believed that the guerrillas had agreed to accept a \$5-million ransom, half their original demand.

THE WEATHER — PARIS: Friday, cloudy at times. Temp. 24-31 (75-88). Saturday, sunny. Temp. 24-31 (75-88). Sunday, sunny. Temp. 24-31 (75-88). NEW YORK: Friday, rain. Temp. 60-65 (15-17). Saturday, rain. Temp. 60-65 (15-17). Sunday, rain. Temp. 60-65 (15-17).

ADDITIONAL WEATHER — COMICS PAGE



Cardinals recite a prayer at their last meeting before the conclave that will designate a new pope.

## Last Open Conference Held

# Cardinals Prepare for Conclave

VATICAN CITY, Aug. 24 (UPI) — The cardinals who are to choose a new spiritual leader for the world's 700 million Roman Catholics gathered for the last time today before being sealed in the Vatican Palace and cut off from the outside world.

The conclave to select a successor to the late Pope Paul VI begins in the Sistine Chapel tomorrow. The actual voting begins Saturday. Sources predict that Pope Paul's successor will continue his tradition of theological moderation.

According to some sources, the 111 cardinals expected to take part in the secret conclave have already settled on three favorites for the papacy — all Italians. Church experts expect the conclave to last about three or four days.

Pope Paul, who died Aug. 6, led the church through 15 tumultuous years of theological controversy and a near schism with traditionalists who object to reformist trends.

Traditionists Campaign  
Even as the cardinals met in Rome the traditionalists have continued their campaign against reforms such as the modern-language mass and church contacts with Communist countries.

Italy's Civiltas Cristiana traditionalist group plastered walls around the Vatican yesterday with posters demanding a "Catholic Pope" who would roll back the initiatives of Pope Paul and his predecessor, Pope John XXIII.

Vatican experts say that about 44 cardinals are considered theological moderates, 34 are considered conservatives and 33 are considered progressives. They say that neither the progressives nor the conservatives have a chance of electing one of their own.

The speculation about Pope Paul's successor sharpened yesterday when a confidential report prepared by the Italian embassy to the Vatican was leaked to the news media.

Prepared three days after Pope Paul's death, the report said the favorites to replace him were Italian cardinals Paolo Bertoli, 70, Sebastiano Baggio, 65, and Giovanni Benelli, 57.

Rules Are Legacy  
The rules governing the assembly of cardinals are the legacy of Pope Paul, who in 1975 issued an edict revising the election process set forth by the Third Lateran Council of 1179.

Before the first ballot, each cardinal will have taken three separate

oaths to keep the proceedings secret forever. Any cardinal breaking these vows is subject to excommunication.

The 1975 document also calls for two electronics technicians to carry out anti-bugging measures during the conclave.

The cardinals took their first oath of secrecy when they arrived

in Rome. They promised to keep secret all discussions they had with their fellow cardinals prior to the conclave.

The second oath comes just before the conclave, when the cardinals will swear not to use tape recorders, radio transmitting devices or hidden cameras during the balloting.

## Ending 30 Years of Boycotts

# China, Taiwan Delegates Attend Same Conference

By Jay Mathews

HONG KONG, Aug. 24 (UPI) — Delegates from China and Taiwan participated for the first time today in the same international conference, signaling a major change in the longstanding conflict between the two governments.

Vietnam diplomatic analysts said the appearance by physicists from China and Taiwan at a science conference in Tokyo ended three decades in which one side always boycotted any social gathering, conference or sports meet attended by the other.

"This is the clearest indication we've had that the Chinese are willing to be more flexible on Taiwan," said an analyst. "It's equally interesting that they are more pragmatic now about demanding that all these groups choose between them and Peking."

Although today's appearance probably represents a change of tactics rather than an end to hostilities in the 50-year-old Chinese civil war, it gives some hope to U.S. policy-makers. U.S. diplomats have had trouble winning Chinese approval for a formula that would bring Washington full diplomatic relations with Peking without forcing the United States to end all security commitments to Taiwan.

'Another Sign'  
The Tokyo meeting "is another sign of China's whole new flexibility in foreign policy," said one diplomat, who also noted Peking's new treaty with Japan and Chairman Hua Kuo-feng's trip to Eastern Europe. "But I think this carries them farther than they have ever before."

Although organizers of the 19th international conference on high energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

Mr. Yang was asked why his government had broken its longstanding boycott policy. "I came for a study conference. I'm interested in

energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

Mr. Yang was asked why his government had broken its longstanding boycott policy. "I came for a study conference. I'm interested in

energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

Mr. Yang was asked why his government had broken its longstanding boycott policy. "I came for a study conference. I'm interested in

energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

Mr. Yang was asked why his government had broken its longstanding boycott policy. "I came for a study conference. I'm interested in

energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

Mr. Yang was asked why his government had broken its longstanding boycott policy. "I came for a study conference. I'm interested in

energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

Mr. Yang was asked why his government had broken its longstanding boycott policy. "I came for a study conference. I'm interested in

energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

Mr. Yang was asked why his government had broken its longstanding boycott policy. "I came for a study conference. I'm interested in

energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

Mr. Yang was asked why his government had broken its longstanding boycott policy. "I came for a study conference. I'm interested in

energy physics had said both sides planned to attend the Tokyo seminars, the Taiwan delegates were late in registering. It was not clear that both sides would be there until Yang Ying-chuan, of Taiwan's Tsinghua University, walked into the room of the Kolo Plaza Hotel this morning where three Chinese physicists sat waiting for a lecture by two U.S. researchers. A crowd of about 200 delegates had already taken all the seats, so Mr. Yang leaned against a wall only two chairs away from the Chinese delegation. Later he moved several rows down to the front of the room when a photographer tried to take a picture including him and the three Chinese.

When asked later why his group had agreed to attend a conference that included delegates from Taiwan, Izu Hung-yuan, of Peking's Institute of High Energy Physics, said: "Taiwan is a province of China, as fellow countrymen, we are pleased to attend the same conference."

## Dollar Eases In Slow Trade

LONDON, Aug. 24 (IHT) — The dollar eased today against major currencies in quiet trading, continuing its downturn from yesterday. It plummeted early in the day on reports that foreign assets in the United States had decreased \$5.5 billion in the second quarter. Details: Page 7.

## U.S. Reported to Agree On New Vietnam Talks

By David Binder

WASHINGTON, Aug. 24 (NYT) — The United States is edging gingerly back into the tangled diplomacy of Indochina after a pause of many months, officials of the Carter administration said yesterday.

The moves are as much a response to shifting relationships between Vietnam and its Communist neighbors as they are a legacy of caution deriving from the debacle of the final defeat of U.S.-supported forces in Vietnam, Cambodia and Laos by Communist insurgents three years ago.

Although administration spokesmen declined publicly to confirm it, U.S. diplomats have reached informal agreement with representatives of Vietnam to resume a dialogue on normalizing relations with the Communist government of Hanoi during the UN General Assembly session starting in late September.

That dialogue was broken off in December when Vietnam continued to insist that the United States should pay up to \$3 billion in reparations for war damage as a condition for normalizing relations. The United States refused on the ground that Vietnam had breached all of its promises on a peace settlement.

Since then Vietnam has become deeply embroiled not only in a bloody border war with its Communist neighbor to the west, Cambodia, but also in a sharp dispute with neighboring China over treatment of Vietnam's large Chinese minority.

Those involvements probably were the reason why Hanoi has re-

cently abandoned its reparations claims against the United States in public statements, while offering to resume diplomatic dialogue, and also why Hanoi has adopted a friendlier attitude toward the five-country grouping called the Association of Southeast Asian Nations.

However, administration officials point out that the United States also has become more constrained in recent months from improving ties with Vietnam while in the process of cultivating better relations with China.

The China factor is also being weighed more heavily here, the officials continued, because Cambodia has been receiving ever-larger amounts of Chinese military assistance in its fight with Vietnam. The officials said there were strong indications from intelligence sources that Chinese troops have recently participated in the border fighting on the Cambodian side.

Cambodian Concern  
The most immediate concern of the United States in the region relates to the hundreds of thousands of refugees who have fled and are still fleeing Cambodia, Vietnam and Laos.

In testimony this week before a Senate panel, Robert Oakley, deputy assistant secretary of state for East Asian and Pacific affairs, said that while the initial exodus of Indochinese refugees after 1975 amounted to more than 165,000, more than 210,000 persons have fled the region since then. He said the rate of Vietnamese leaving their country has been over 5,000 a

## Russians Cite U.S. Ties in Letting Newsmen Stay

MOSCOW, Aug. 24 (UPI) — The Soviet Foreign Ministry today called in two U.S. reporters and reprimanded them for their alleged disrespect to a Moscow court during the trial of a libel case brought against them by Soviet television officials. But the ministry said that, in the interests of Soviet-American relations, the two would not lose their accreditation and therefore would not be forced to leave the country. New York Times reporter Craig Whitney, 34, and Baltimore Sun reporter Harold Piper, 39, were called to an informal meeting with Lev Krylov, deputy chief of the Foreign Ministry Press Department.

Mr. Piper told the two reporters that Moscow City Court Chief Judge Lev Almazov had reported that they showed "disrespect" to his court by refusing to participate in the lawsuit or to answer his summons.

He said that they deserved to be stripped of their accreditation — which would automatically bring expulsion from the Soviet Union — but that the Foreign Ministry press department had decided to confine itself to delivering a warning.

The Moscow court, in a trial on July 19, found Mr. Whitney and Mr. Piper guilty of libeling the Soviet television officials. The two defendants did not attend.

The court assessed more than \$3,500 in court costs and ordered the two to print retractions of the offending articles. When they refused to print the retractions, Judge Almazov added another \$72.50 apiece to their fines and costs — which Mr. Whitney and Mr. Piper paid under protest.

During today's 15-minute meeting at the press department, Mr. Krylov read the following statement to Mr. Whitney and Mr. Piper:

"In connection with the Moscow City Court decision on the civil suit of the State Committee for Radio and Television concerning the slanderous articles which were published by you, and in connection with the information of Judge Almazov that you showed disrespect to a court of this country, whose laws and regulations journalists are obliged to observe, you deserve to be deprived of your accreditation."

U.S. Relations Cited  
"However, guided by the interests of developing Soviet-American relations and taking into consideration the fact that you paid the fines and court costs as ordered by the court, the press department considers it possible to confine itself to a warning."

"We express the hope that you would draw the proper conclusions from this," the statement concluded.

Mr. Piper responded to Mr. Krylov's statement with an explanation, that he and Mr. Whitney had not shown disrespect to Judge Almazov's court.

"The judge told us himself the first time we met with him that it was not mandatory for us to attend," Mr. Piper said. "Therefore, I can see no basis for the charge that we have shown disrespect."

Mr. Whitney told the press department officials that he agreed entirely with Mr. Piper's remarks and that he also agreed with the press department that the closing of the case was in the best interests of good Soviet-American relations.

"This closes the case as far as I am concerned and, I guess, as far as they are concerned," Mr. Whitney said. "Now it's time to get back to work."

## Foreign Ministry Delivers Reprimand

# Russians Cite U.S. Ties in Letting Newsmen Stay

MOSCOW, Aug. 24 (UPI) — The Soviet Foreign Ministry today called in two U.S. reporters and reprimanded them for their alleged disrespect to a Moscow court during the trial of a libel case brought against them by Soviet television officials. But the ministry said that, in the interests of Soviet-American relations, the two would not lose their accreditation and therefore would not be forced to leave the country. New York Times reporter Craig Whitney, 34, and Baltimore Sun reporter Harold Piper, 39, were called to an informal meeting with Lev Krylov, deputy chief of the Foreign Ministry Press Department.

Mr. Piper told the two reporters that Moscow City Court Chief Judge Lev Almazov had reported that they showed "disrespect" to his court by refusing to participate in the lawsuit or to answer his summons.

He said that they deserved to be stripped of their accreditation — which would automatically bring expulsion from the Soviet Union — but that the Foreign Ministry press department had decided to confine itself to delivering a warning.

The Moscow court, in a trial on July 19, found Mr. Whitney and Mr. Piper guilty of libeling the Soviet television officials. The two defendants did not attend.

The court assessed more than \$3,500 in court costs and ordered the two to print retractions of the offending articles. When they refused to print the retractions, Judge Almazov added another \$72.50 apiece to their fines and costs — which Mr. Whitney and Mr. Piper paid under protest.

During today's 15-minute meeting at the press department, Mr. Krylov read the following statement to Mr. Whitney and Mr. Piper:

"In connection with the Moscow City Court decision on the civil suit of the State Committee for Radio and Television concerning the slanderous articles which were published by you, and in connection with the information of Judge Almazov that you showed disrespect to a court of this country, whose laws and regulations journalists are obliged to observe, you deserve to be deprived of your accreditation."

U.S. Relations Cited  
"However, guided by the interests of developing Soviet-American relations and taking into consideration the fact that you paid the fines and court costs as ordered by the court, the press department considers it possible to confine itself to a warning."

"We express the hope that you would draw the proper conclusions from this," the statement concluded.

Mr. Piper responded to Mr. Krylov's statement with an explanation, that he and Mr. Whitney had not shown disrespect to Judge Almazov's court.

"The judge told us himself the first time we met with him that it was not mandatory for us to attend," Mr. Piper said. "Therefore, I can see no basis for the charge that we have shown disrespect."

Mr. Whitney told the press department officials that he agreed entirely with Mr. Piper's remarks and that he also agreed with the press department that the closing of the case was in the best interests of good Soviet-American relations.

"This closes the case as far as I am concerned and, I guess, as far as they are concerned," Mr. Whitney said. "Now it's time to get back to work."

U.S. Relations Cited  
"However, guided by the interests of developing Soviet-American relations and taking into consideration the fact that you paid the fines and court costs as ordered by the court, the press department considers it possible to confine itself to a warning."

"We express the hope that you would draw the proper conclusions from this," the statement concluded.

Mr. Piper responded to Mr. Krylov's statement with an explanation, that he and Mr. Whitney had not shown disrespect to Judge Almazov's court.

## Former Black Leader Escapes South Africa

JOHANNESBURG, Aug. 24 (Reuters) — Barney Pitsoyana, former secretary-general of the banned South African Students Organization, has fled to Lesotho with his family, the newspaper the World said today.

Mr. Pitsoyana, 32, was a close friend of black leader Steve Biko, a founder of the organization, who died in detention last year. Mr. Pitsoyana was declared a "banned" person under South African security law in 1973.

Partial Victory  
To the extent that the compromise with Sen. McClure avoids a commitment to build Clinch River, the administration can claim a partial victory. But the compromise would keep Clinch River alive as a possible option at the end of a three-year research program costing more than \$1.5 billion.

The compromise allows the president in 1981 to make a final decision on whether to build a breeder reactor, basing that decision on the results of the new research program.

The McClure-Carter compromise now must go to the House and the Senate for debate. Administration officials said yesterday that it is likely to be approved in the Senate.

Partial Victory  
To the extent that the compromise with Sen. McClure avoids a commitment to build Clinch River, the administration can claim a partial victory. But the compromise would keep Clinch River alive as a possible option at the end of a three-year research program costing more than \$1.5 billion.

The compromise allows the president in 1981 to make a final decision on whether to build a breeder reactor, basing that decision on the results of the new research program.

The McClure-Carter compromise now must go to the House and the Senate for debate. Administration officials said yesterday that it is likely to be approved in the Senate.

Partial Victory  
To the extent that the compromise with Sen. McClure avoids a commitment to build Clinch River, the administration can claim a partial victory. But the compromise would keep Clinch River alive as a possible option at the end of a three-year research program costing more than \$1.5 billion.

The compromise allows the president in 1981 to make a final decision on whether to build a breeder reactor, basing that decision on the results of the new research program.

The McClure-Carter compromise now must go to the House and the Senate for debate. Administration officials said yesterday that it is likely to be approved in the Senate.

Partial Victory  
To the extent that the compromise with Sen. McClure avoids a commitment to build Clinch River, the administration can claim a partial victory. But the compromise would keep Clinch River alive as a possible option at the end of a three-year research program costing more than \$1.5 billion.

The compromise allows the president in 1981 to make a final decision on whether to build a breeder reactor, basing that decision on the results of the new research program.



## Opposition to Somoza Widespread

## Nicaraguan Guerrillas Have Broad Power Base

By Alan Riding

MEXICO CITY, Aug. 24 (NYT) — The leftist guerrillas who have seized Nicaragua's National Palace and taken hundreds of government hostages are the spearhead of an unusually broad-based movement seeking the overthrow of President Anastasio Somoza, whose family has ruled the tiny Central American republic since 1933.

Popular support for the guerrillas, known as the Sandinista National Liberation Front, has grown dramatically this year as Gen. Somoza has refused to accede to opposition demands for his resignation.

"Somoza's attitude has made the armed struggle inevitable," one Nicaraguan exile said. "Efforts to overthrow Somoza through strikes and protests have failed. We all realize that it will have to be done militarily. But all the violence could be avoided if Somoza would go peacefully."

Although Gen. Somoza is now backed only by the 7,500-man National Guard, Nicaragua's single armed force, and by his own Liberal Party, he has repeatedly vowed to stay in office until his current six-year term ends in May, 1981. In addition, having succeeded his father and his brother in the presidency, Gen. Somoza, 52, is now grooming his son, Anastasio, 26, to take over.

But for the first time in the 45 years since the Somozas took over Nicaragua, anti-government groups have united in a broad opposition front, incorporating sectors as different as conservative businessmen, Christian Democrats and Marxist guerrillas who have been organizing strikes and demonstrations throughout this year.

Tuesday's guerrilla attack on Managua's National Palace was neither a surprise nor an isolated incident. It also seemed certain to

be supported by most of Nicaragua's urban population.

Gen. Somoza faced a difficult dilemma. Giving in to the guerrilla demands may result in his being overthrown by senior National Guard officers, who feel he has been too soft on the opposition in recent months. And if he now imposes a state of siege, he may face renewed criticism from Washington, which has repeatedly urged him to respect human and political rights.

But had he refused the guerrilla demands, not only would he have risked the lives of his cousin, Luis Pallas Debayle, and his nephew, Jose Somoza Abrego, both prisoners of the Sandinistas, but the resulting violence could spark the popular insurrection that has seemed imminent for several months.

Although the guerrillas — who took their name from Gen. Cesar Augusto Sandino, a nationalist fighter against U.S. intervention in Nicaragua in the 1920s — are very popular, they still lack the military capacity to defeat the National Guard. They have launched numerous attacks on guard barracks and, in 16 years of sporadic activities, have killed hundreds of soldiers.

But they apparently still suffer from a shortage of weapons. "When we take a town for a few hours, the population cries out for arms so they too can join the fight," one Sandinista leader said recently. "If we're going to defeat the guard, we'll need to be able to hand out arms in each town as we advance on Managua."

When the guerrillas seized a dozen prominent supporters of Gen. Somoza at a Christmas party in December, 1974, they obtained a \$1 million ransom as well as the



Sandinista guerrillas leave their bus and head for airplanes provided to take them out of Nicaragua.

freedom of 14 political prisoners. That money enabled them to continue the armed battle against the regime during the 33 months of martial law that followed.

Martial law was lifted under pressure from Washington last September. But almost immediately, the guerrillas launched a new offensive, this time with the political support of non-Marxist groups. In January this year, after a prominent opposition newspaper editor, Pedro Joaquín Chamorro, was murdered, even business sectors joined a nationwide strike to press for Gen. Somoza's resignation.

When he refused to leave, the level of violence immediately increased, with almost daily clashes between the National Guard and anti-government protesters, not

only in Managua but also in every other large city in the country. In the past eight months, more than 300 persons have died in the clashes.

Opposition groups nevertheless feel that, for the first time, Gen. Somoza has now lost the initiative and may be close to losing control of the security situation in the entire country. The president was quoted by an aide as having commented Tuesday that "the situation is grim, things are pretty bad."

Diplomatic sources also reported that Gen. Somoza felt increasingly besieged, although he had given no hint that he might now be willing to resign.

If he were to resign or be overthrown, the opposition front, which comprises all significant political

forces outside the government, plans to choose an interim president before organizing new elections, first for an assembly to prepare a new constitution and later for a new government.

The opposition is also committed to carrying out social reforms and would almost certainly nationalize the Somoza family's vast business empire, which covers everything from airlines, a shipping line, a television station, newspapers and vehicle distribution companies to farms, beer companies and even an entire port, named — like much in the country — after the family.

The family's worth is estimated at around \$500 million, although opposition sources claim that the president has sent much of his liquid wealth out of the country.

## Over Attack From Zambia Bases

## Vorster Warns of SWAPO Curb

By John F. Burns

PRETORIA, South Africa, Aug. 24 (NYT) — South African Prime Minister John Vorster today threatened to curb the political activities of the South-West Africa People's Organization inside the territory in retaliation for the rocket attack from bases in Zambia yesterday in which nine South African soldiers died.

The incident, involving the highest casualties that South Africa has suffered in any single engagement in the decade-old bush war, prompted a swift response from South African artillery batteries at Katima Mulilo, site of the rocket attack. One report said that at least 16 nationalist fighters were killed.

Tonight, military headquarters in South-West Africa acknowledged that South African troops had crossed into Zambia after returning the nationalists' fire. The statement, describing the raid as a "mopping-up" operation, said that the bodies of a number of nationalist fighters had been picked up and brought back to Katima Mulilo.

The Zambian government, giving its version, claimed that the South Africans had killed 12 Zambian ci-

vilians and injured 6 while shelling a school and other civilian buildings at Sesheke, a Zambian settlement across the border from Katima Mulilo. The statement described the South Africa attack as "wanton and unprovoked," and said its purpose had been to upset the peace plan.

Mr. Vorster's statement issued after Cabinet-level discussions of the attack raised fresh difficulties for the United Nations peace plan for South-West Africa. The plan, awaiting implementation, provides for the long-disputed territory to become independent as the African state of Namibia next year.

In the statement, the South African leader spoke of the "urgent necessity" for the UN Security Council, and particularly its five Western members, who drew up the peace plan to insist that the South-West Africa People's Organization make a final choice between violent and peaceful solutions to the territory's future.

"SWAPO can not be allowed to continue upon the basis of its halfhearted and ostensibly conditional acceptance of the five's plan to continue its political campaign within

South-West Africa, on the one hand, and on the other, to commit atrocities such as those we have witnessed recently," he said.

## More Retaliation Hinted

The statement also hinted that South Africa may be considering further military action in response to the rocket attack.

Yesterday, the South African military spokesman claimed that Zambian artillery units had joined the nationalists' batteries in the attack of Katima Mulilo, a small South-West African town located in a narrow strip of land between Zambia and Botswana known as the Caprivi strip. Mr. Vorster, citing official Zambian denials, said that "it may be possible" that the Zambian government was not officially involved in the rocket attack.

"This, however, does not solve the problem," Mr. Vorster said. "The government, therefore, has no other option but to act in such a way that such acts cannot easily be repeated, and that all peoples of South-West Africa be given the best protection against such acts of violence."

## Administrator Fired On

WINDHOEK, South-West Africa, Aug. 24 (Reuters) — A helicopter carrying Administrator-General of South-West Africa, came under artillery fire from Zambia as he toured border areas. Judge Steyn yesterday said he returned here that his helicopter had been shot down at Katima Mulilo where three shells struck 20 meters away.

## Science Conference

(Continued from Page 1)

the study of science," he said. "I don't know about other matters." He added that he received no special instructions before he left Taiwan. Mr. Tzai pointed out that the 800 to 900 conference attendees were listed as representing only their universities or institutions and were not identified by nationality.

Japanese, European and American diplomats said, however, that the presence of scientists from China and Taiwan had to be the result of high-level policy decisions by the two governments. Taiwan's government information service office had no comment on the meeting.

Attending the conference may represent even more of a departure for Taiwan than for China, for Peking in recent months has given several signs of a new approach in dealing with its Taiwan relations. Rep. Lesca Wolf, D-N.Y., said last month after visiting Peking that the Chinese had expressed a new willingness to negotiate directly with the Taiwanese. The offer seemed mostly an effort to win sympathy for Peking in the United States, since Taiwan is unlikely to consent to such talks.

This month, in a joint communiqué announcing full diplomatic relations with Libya, one of the new nations with an embassy in Taiwan, Peking bowed to Libyan wishes and kept all references to Taiwan out of the joint communiqué. As far as is known, the Libyans have yet to close their embassy in Taiwan or force the Taiwanese diplomats to leave Tripoli. A Chinese editorial on the Libyan agreement did, however, contain the usual denunciation of Taiwan.

Peking and Taipei continue to engage in a fierce propaganda war, but there has been no serious military clash between them in 20 years. China's presence at the Tokyo conference indicates its deep interest in reviving scientific research and establishing contact with foreign scientists after several years of isolation for science.

Conference officials said five Chinese delegates are registered at the conference. Mr. Tzai was joined by Chinese physicists, Tai Yuen-pen and Huang Tao, at the morning lecture by the two U.S. scientists. Two other physicists from Taiwan have reportedly registered along with Mr. Yang. The Chinese have rooms on the 21st floor of the hotel. The Taiwanese are on the 18th floor. There has been no reported contact between them.

Taiwan President Chiang Ching-kuo has denounced any suggestion of talks with Peking, saying "negotiations with the Communists is tantamount to suicide." Diplomats expect that, if any contact has to occur, it will be kept very subtle to avoid a business panic in Taiwan.

## Cambodians Said Facing Twin Vietnam Offensive

BANGKOK, Aug. 24 (NYT) — Vietnamese troops are exerting heavy pressure on Cambodia in the rubber-plantation area on the Vietnamese border northeast of Phnom Penh, informed sources say here.

The invading troops are said to have captured the district capital of Snuol on July 28, and to control the area around the district capital of Snuol, probably including the town.

At the same time, the sources said, Cambodian antigovernment insurgents, thought to be under Vietnamese direction, are active west of the plantation region up to the great bend of the Mekong River north of the provincial capital of Kampong Cham.

The insurgents are believed to be Cambodians trained in Vietnam and re-infiltrated into Cambodia. The rubber plantations in the region always relied heavily on Vietnamese workers, which has made Vietnamese influence there great.

Hard-pressed, the Cambodian government was reported in recent days to have sent two divisions into the region between Route 7, cut by the Vietnamese at Snuol and Mimot, and the Mekong. These troops now face hostile forces operating at their front and rear.

A Cambodian attack to recapture Snuol is said to have been repulsed.

Military action elsewhere on the border is reported to be light. But the Vietnamese pressure in the plantation area, together with recurrent assertions by Hanoi radio — broadcasting in Cambodian — of conflicts inside the Cambodian Army and between the army and administrative authorities, have fueled speculation among observers here that Hanoi is strongly pursuing the goal of creating a "liberated zone" in the plantation region that could serve as the base of a "communist government" to the Phnom Penh regime of Premier Pol Pot.

Possibly to strengthen their case

Iran, Austria Halt Nuclear-Waste Talks

TEHRAN, Aug. 24 (UPI) — Iran has suspended talks with Austria on a plan for the storage of Austrian radioactive nuclear wastes in Iran's deserts, the newspaper Kayhan quoted officials as saying yesterday.

Austria now has turned to Egypt for possible storage facilities, the paper said. Kayhan added that Iran had rejected the project "in part as a result of widespread public criticism" that the central Iranian desert was being turned into a dumping ground for foreign nuclear wastes.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

accepted the bulk of these refugees, with smaller numbers going to other countries, and the administration is asking congressional authority to admit 25,000 a year for an indefinite period, Mr. Oakley said. State Department officials said that U.S. diplomats have informally inquired of China whether the Peking government could yield influence on Cambodian authorities to ease conditions in that country, but apparently without much hope of success.

That leaves only Vietnam as a potential point for new U.S. leverage

## Desai Rejects Demands For Investigation of Son

NEW DELHI, Aug. 24 (Reuters) — Prime Minister Morarji Desai today turned down demands from the upper house of Parliament for an inquiry against his son, but said he would refer specific charges of corruption made in writing to the chief justice.

Mr. Desai's rejection of a resolution seeking separate inquiry commissions against Kamal Desai, 52, and relatives of the former Home Minister Chaman Singh was greeted with cries of "shame, shame" in the Rajya Sabha (upper house).

His stand seemed certain to place the government in direct confrontation with the upper house where opposition parties hold a majority of seats.

Former Prime Minister Indira Gandhi's wing of the Congress Party has threatened to oppose all government bills there as a retaliatory measure. Mr. Desai's action was described as an insult to the chamber and an unprecedented defiance of its wishes.

The Rajya Sabha passed a resolution on Aug. 10 calling for a 15-member committee of the house to be appointed to investigate allegations against the family members of Mr. Desai and Mr. Singh, or alternatively for two commissions of inquiry to be appointed. Mr. Desai's son has been accused of impropriety and alleged corruption.

Mr. Desai said today that the resolution was "essentially recom-

mendatory in character" and that no specific instances of corruption had been cited. The government, therefore, would not be justified in setting up commissions. Nor did it consider it appropriate to seek the guidance of a committee appointed by the house.

"Let me, however, make it clear that my government yields to none in its desire to maintain the highest standards of purity in the administration, and would not allow any allegation of corruption to survive, which may sully its image," he added.

He said the government would not set up commissions to investigate allegations against the family members of Mr. Desai and Mr. Singh, or alternatively for two commissions of inquiry to be appointed. Mr. Desai's son has been accused of impropriety and alleged corruption.

Mr. Desai said today that the resolution was "essentially recom-

mendatory in character" and that no specific instances of corruption had been cited. The government, therefore, would not be justified in setting up commissions. Nor did it consider it appropriate to seek the guidance of a committee appointed by the house.

"Let me, however, make it clear that my government yields to none in its desire to maintain the highest standards of purity in the administration, and would not allow any allegation of corruption to survive, which may sully its image," he added.

He said the government would not set up commissions to investigate allegations against the family members of Mr. Desai and Mr. Singh, or alternatively for two commissions of inquiry to be appointed. Mr. Desai's son has been accused of impropriety and alleged corruption.

Mr. Desai said today that the resolution was "essentially recom-

mendatory in character" and that no specific instances of corruption had been cited. The government, therefore, would not be justified in setting up commissions. Nor did it consider it appropriate to seek the guidance of a committee appointed by the house.

"Let me, however, make it clear that my government yields to none in its desire to maintain the highest standards of purity in the administration, and would not allow any allegation of corruption to survive, which may sully its image," he added.

He said the government would not set up commissions to investigate allegations against the family members of Mr. Desai and Mr. Singh, or alternatively for two commissions of inquiry to be appointed. Mr. Desai's son has been accused of impropriety and alleged corruption.

Mr. Desai said today that the resolution was "essentially recom-

mendatory in character" and that no specific instances of corruption had been cited. The government, therefore, would not be justified in setting up commissions. Nor did it consider it appropriate to seek the guidance of a committee appointed by the house.

"Let me, however, make it clear that my government yields to none in its desire to maintain the highest standards of purity in the administration, and would not allow any allegation of corruption to survive, which may sully its image," he added.

He said the government would not set up commissions to investigate allegations against the family members of Mr. Desai and Mr. Singh, or alternatively for two commissions of inquiry to be appointed. Mr. Desai's son has been accused of impropriety and alleged corruption.

Mr. Desai said today that the resolution was "essentially recom-

mendatory in character" and that no specific instances of corruption had been cited. The government, therefore, would not be justified in setting up commissions. Nor did it consider it appropriate to seek the guidance of a committee appointed by the house.

"Let me, however, make it clear that my government yields to none in its desire to maintain the highest standards of purity in the administration, and would not allow any allegation of corruption to survive, which may sully its image," he added.

He said the government would not set up commissions to investigate allegations against the family members of Mr. Desai and Mr. Singh, or alternatively for two commissions of inquiry to be appointed. Mr. Desai's son has been accused of impropriety and alleged corruption.

Mr. Desai said today that the resolution was "essentially recom-



Morarji Desai

## Russia Threatens China Over 'Militarist Course'

MOSCOW, Aug. 24 (UPI) — The Soviet Union escalated its war of words with China today and warned Peking's leaders that they are on a "militarist expansionist course" that could lead to a real war and cause vast destruction and loss of life in China.

The threat and ominous warning were contained in a lengthy commentary published by the official Communist Party daily Pravda, and signed by "Observer" — a pseudonym usually taken to indicate it comes from the highest levels of Kremlin leadership.

The Pravda article denounced

China as an international warmonger and troublemaker grasping for Western military technology to pursue a goal of world domination.

"The Soviet Union will resolutely oppose China's militarist expansionist course," Pravda declared.

"No reasonable person can believe that the Chinese people want the Peking leaders to plunge the country into war. Under contemporary conditions war would inflict on China uncountable destruction, calamities, and the mass annihilation of people," the article said.

Western observers said the article was "very, very authoritative" and used some of the toughest language yet seen during years of arguments between Moscow and Peking.

The Pravda article also was viewed as reflecting Soviet agitation and anger over Chinese Communist Chairman Hua Kuo-feng's current tour of Romania, Yugoslavia and Iran.

The article declared that the Soviet Union believes in peace and good relations with all its neighbors, including China. But, it added, "All those who help China to arm itself are acting contrary to the striving of peoples toward detente and toward strengthening peace on earth."

It went on: "The ruling clique of China is stepping up the militarization of its country, seeking to establish economic, scientific and technical ties abroad for the re-equipping of its army."

"The country spends 40 percent of its annual state budget for military needs, including more than \$2 billion for developing nuclear-missile potential."

The article denounced British offers to sell Harrier jets and Chinook tanks to China, and it attacked the European Common Market for granting China most-favored-nation trading status without restrictions on export of strategic commodities.

Nevertheless, the choice of the two principal ceremonial visits in Skopje — to the Central Committee of the League of Communists of Macedonia and to the Macedonian Academy of Sciences — have clear symbolic value.

The academy has been a leader in the verbal battle between Yugoslavia and Bulgaria; its books, pamphlets and periodicals provide a constant stream of invective and support for the Yugoslav view that Bulgaria was seeking to dissolve its Macedonian minority into a Bulgarian state while demanding annexation of the Macedonian minority in Yugoslavia.

Yugoslav officials have long maintained that by creating a separate Macedonian republic within Yugoslavia and recognizing the Macedonian language, it was preventing assimilation of the Macedonian minority.

Tomorrow, Mr. Hua and his party fly to Zagreb, the capital of Croatia, for a brief visit and lunch, then on to the Adriatic coast where he will spend the weekend on President Tito's private island of Brioni. Tuesday, he leaves for the final leg of his tour, Iran.

Blast in Illinois Kills 1

CAULUMET CITY, Ill., Aug. 24 (AP) — An explosion and fire early today at an oil refinery killed one person and injured four, authorities said.

## U.K. Maintains Plan to Switch Lines to Gatwick

LONDON, Aug. 24 (AP) — Britain stood firm today on its plans to switch Spanish and Portuguese airline operations from London's Heathrow Airport to Gatwick next year, despite protests from the airlines involved.

The government's action is designed to relieve congestion at Heathrow, which is reaching the point of saturation. The airport occasionally handles more than 900 flights a day.

Flights to and from Spain, Portugal and Gibraltar will be switched to Gatwick as of next April 1, the Department of Trade announced Tuesday. Today, the department confirmed that the decision is "quite firm."

The Spanish national airline, Iberia, protested that the move would not relieve congestion, would deprive passengers of a vital service from Britain's main airport, and would cause Iberia "an immediate and substantial loss of its revenue."

Most of the 73 airlines now using Heathrow do not want to fly to Gatwick. One reason is that Gatwick has just one runway and is often subject to morning fog.

## Geneva Talks Open On 'Inhuman' Arms

GENEVA, Aug. 24 (Reuters) — A preparatory conference on banning weapons that are considered inhuman, such as napalm and explosives which shatter into minute particles, will open here on Monday, it was announced today.

The three-week session, set up under a UN General Assembly resolution last December, will pave the way for a full conference next year aimed at banning conventional weapons that are considered excessively harmful or indiscriminate in their effects.

## China Reported To Clear 200 in Spy-Ring Case

HONG KONG, Aug. 24 (UPI) — More than 200 persons arrested in China several years ago on charges of operating a Nationalist Chinese spy ring have been cleared, according to a provincial radio broadcast from China.

The broadcast by Fukien Radio said that a public rally was held in Fochow, the provincial capital, earlier this month "to rehabilitate the victims of the trumped-up spy-ring case."

The late Defense Minister Lin Biao and the "Gang of Four" were blamed for the false arrests. "Proper investigations were not carried out," the broadcast said, and "forced confessions" were obtained. "As a result, many comrades suffered injustice and had to carry heavy burdens for a long time."

The supposed spy network involved 212 persons in 47 organizations in 15 provinces and cities. The broadcast did not say when the arrests were made, but other sources said that some may have been as long as 20 years ago.

The supposed spy network involved 212 persons in 47 organizations in 15 provinces and cities. The broadcast did not say when the arrests were made, but other sources said that some may have been as long as 20 years ago.

The supposed spy network involved 212 persons in 47 organizations in 15 provinces and cities. The broadcast did not say when the arrests were made, but other sources said that some may have been as long as 20 years ago.

The supposed spy network involved 212 persons in 47 organizations in 15 provinces and cities. The broadcast did not say when the arrests were made, but other sources said that some may have been as long as 20 years ago.

The supposed spy network involved 212 persons in 47 organizations in 15 provinces and cities. The broadcast did not say when the arrests were made, but other sources said that some may have been as long as 20 years ago.

The supposed spy network involved 212 persons in 47 organizations in 15 provinces and cities. The broadcast did not say



## Would Spur Low Europe Fares

## U.S. to Offer W. Germany Airline Competition Plan

By Carol Shiffrin

WASHINGTON, Aug. 24 (WP) — The United States plans to offer West Germany the possibility of a unique "open skies" policy between the two countries, according to administration officials.

Under this concept, the airlines in either country would be permitted to fly to any point in the other. The proposal — to be made during negotiations next month on a new bilateral air services agreement — was revealed this week by Richard Cooper, undersecretary of state for economic affairs, and Transportation Secretary Brock Adams.

They were the opening witnesses at a Senate Commerce Committee hearing on U.S. international aviation policy and on negotiation procedures.

In return for allowing Lufthansa German Airlines to fly directly to any U.S. city — it now has the authority to serve only five cities — the United States will ask Germany to agree to provisions that the administration believes would meet major U.S. international aviation policy objectives. These include improving U.S. carriers' abilities to compete in Europe, encouraging low fares and providing better service to more cities.

Mr. Cooper and James Atwood, deputy assistant secretary of state for transportation affairs, said that the major elements of the proposal, to be presented to German negotiators in Bonn on Sept. 12, include:

• Eliminating restrictions on the ability of U.S. airlines to pick up passengers in German cities and fly on to other European cities.

• Removing the power of the German government to limit the number of seats that U.S. airlines can offer between Germany and other European cities.

• Giving the United States the right to designate any number of its airlines to operate between the United States and Germany.

• Allowing fare proposals of U.S., German and third-country airlines to go into effect unless the U.S. and German governments disapproved them. (This would go a step further than the recent U.S.-Israel agreement that does not allow third-country airlines to be price leaders.)

• Allowing U.S. and German carriers to match any fares between Germany and other European cities.

• Letting U.S. carriers use any kind of plane on routes between Germany and other European cities, as long as their planes leaving Germany do not exceed the capacity of the planes entering.

This would avoid the kind of trouble that Pan American World Airways encountered May 3 on its San Francisco-to-Paris flight. The flight, which began on a Boeing 747, stopped in London, but the remaining 11 passengers were flown to Paris on a smaller Boeing 727. France refused to let the 11 passengers disembark.

• Eliminating restrictions on charter travel by allowing charters to operate according to the charter rules of the country in which they originate and not requiring them to meet the rules of the host country.

The United States also will ask that U.S. carriers be given guaranteed access to the German charter market through a provision that bars the use of charter rules more restrictive than those agreed on by the two nations.

Offered by Delaware's two senators, the amendment to a \$55 billion bill to extend federal elementary and secondary education programs also would have stayed all pending busing orders, including a cross-district plan scheduled to go into effect Sept. 13 in Wilmington, Del.

Both sides called the amendment the most far-reaching anti-busing measure to receive serious consideration in the Senate, but opponents also said it probably was unconstitutional. The reason is that the courts generally have based their busing orders on the Constitution, which has primacy over an act of Congress.

WASHINGTON, Aug. 24 (WP) — The Senate voted last night to give homeowners a tax break of up to \$400 to offset the cost of storm windows, insulation and other steps designed to conserve energy.

The tax credits, if accepted by the House and signed by President Carter, would apply to projects begun after April 20, 1977, the day Mr. Carter sent his energy package to Congress.

Yesterday's vote was the second time in two years that the Senate has voted to give tax credits to homeowners for trying to save energy. Last year, the credits were approved as part of an omnibus energy bill that has been tied up in a conference with the House for more than a year.

The amendment to a minor tax bill also would give homeowners a credit up to \$2,200 for installation of heating devices. The Senate approved the whole measure by voice vote.

WASHINGTON, Aug. 24 (AP) — An Orlando woman has died of Legionnaire's Disease, and at least 10 nonfatal cases of the disease were found in the state this year, the Center for Disease Control in Atlanta says.

Avis Pearson died on July 16 in an Orlando hospital 11 days after being admitted. The woman's physician, Dr. Thomas Thames, said he did not know how Mrs. Pearson became infected with the disease. The cause, similar to pneumonia, was suspected during her hospitalization but confirmed only last week by laboratory tests were completed in Atlanta.



HEADS OF THREE CITIES — The mayors of Moscow, Paris and New York during a television interview in Paris yesterday. Moscow's Vladimir Vladimirov (left) and New York's Edward Koch (right) are the guests of Paris' Jacques Chirac for celebrations today of the 44th anniversary of the liberation of Paris. They compared notes during the program.

## More Than a Million Copies Produced Each Day

## 3 Strike Papers Thrive in Print-Hungry New York

By Jon Friendly

NEW YORK, Aug. 24 (NYT) — "KOCH DUMPS TOP ALIDE," said the big bold headline on the New York Daily Press.

"CITY COMMISSIONER OUT IN \$5 PROBE," said the City News edition yesterday.

All three papers are manned primarily by unionized editorial and commercial employees from the struck papers. The bylines of regular reporters show up primarily in the Metro, and Daily News staffers appear in both the City News and the Daily Press.

The City News is using United Press International for most of its national and foreign coverage, while the Metro has Associated Press service. Mr. Stern said he has some regular contributors from Washington and some foreign coverage. The City News and the Metro provide stock-market tables, and all three papers try for sports results, but they all have relatively early deadlines that keep them from reporting events after about 6 P.M.

Negotiations Suspended  
NEW YORK, Aug. 24 (AP) — Negotiations in the strike against the three newspapers have been suspended by a federal mediator who told publishers and striking pressmen to call him when either side was ready to change its position.

Since the 1,550 pressmen walked out, paperhandlers have struck all three papers and the Newspaper Guild, representing editorial and commercial employees, has struck the Post. Another union, the machinists, was expected today to become the fourth to strike.

Kenneth Moffett, deputy director of the federal Mediation and Conciliation Service, announced the suspension.

Illegal Strike Possible  
NEW YORK, Aug. 24 (AP) — Negotiations in the strike against the three newspapers have been suspended by a federal mediator who told publishers and striking pressmen to call him when either side was ready to change its position.

Since the 1,550 pressmen walked out, paperhandlers have struck all three papers and the Newspaper Guild, representing editorial and commercial employees, has struck the Post. Another union, the machinists, was expected today to become the fourth to strike.

Kenneth Moffett, deputy director of the federal Mediation and Conciliation Service, announced the suspension.

Illegal Strike Possible  
NEW YORK, Aug. 24 (AP) — Negotiations in the strike against the three newspapers have been suspended by a federal mediator who told publishers and striking pressmen to call him when either side was ready to change its position.

Since the 1,550 pressmen walked out, paperhandlers have struck all three papers and the Newspaper Guild, representing editorial and commercial employees, has struck the Post. Another union, the machinists, was expected today to become the fourth to strike.

Kenneth Moffett, deputy director of the federal Mediation and Conciliation Service, announced the suspension.

Illegal Strike Possible  
NEW YORK, Aug. 24 (AP) — Negotiations in the strike against the three newspapers have been suspended by a federal mediator who told publishers and striking pressmen to call him when either side was ready to change its position.

Since the 1,550 pressmen walked out, paperhandlers have struck all three papers and the Newspaper Guild, representing editorial and commercial employees, has struck the Post. Another union, the machinists, was expected today to become the fourth to strike.

Kenneth Moffett, deputy director of the federal Mediation and Conciliation Service, announced the suspension.

By William J. Eaton

WASHINGTON, Aug. 24 — The threat of a nationwide postal strike next week loomed yesterday when rank-and-file members of the Letter Carriers union rejected by a 4-3 margin a wage-contract agreement reached by union-management negotiators a month ago.

Union President Joseph Vacca asked for immediate reopening of negotiations, a step that Postmaster General William Bolger has strongly opposed in the past.

The recently amended constitution of the National Association of Letter Carriers provides that "there will be an immediate work stoppage" if bargaining is not resumed within five days after a contract proposal is rejected.

Postal strikes are illegal under federal law but this did not stop a brief 1970 walkout involving 200,000 workers.

Blow to Restrains  
The letter carriers' refusal to ratify the contract agreement reached July 20 by the negotiators was a blow to President Carter's anti-inflation program. Mr. Carter had hoped that the proposed 6.5-percent annual pay raise would set an example of moderation for other unions.

Labor Secretary Labor Ray Marshall and other top administration officials met at the White House yesterday to discuss the potential crisis.

Federal Mediation Director Wayne Horvitz said he would meet with officials of the union and the Postal Service to discuss what steps should be taken next.

Mr. Bolger, head of the semi-independent Postal Service, said he was "disappointed" by the letter carriers' vote of 78,288 to 58,832 against ratification of the pact.

But he called on the union to comply with procedures outlined by federal law, which require fact-finding and binding arbitration by Oct. 20 to settle the dispute.

Other Tallies Expected  
Two other major postal unions are expected to announce the results of ratification votes this week-end. They are the American Postal Workers' Union, representing postal clerks, and the Mail Handlers' Division of the Laborers' International Union.

Mr. Vacca, who had advocated ratification of the contract, blamed White House anti-inflation crusader Barry Bosworth and AFL-CIO President George Meany for convincing him to vote "no."

28 Said Killed  
In Philippines  
MANILA, Aug. 24 (AP) — Twelve soldiers and 16 Moslem rebels were killed in a battle in the southern Philippines early Tuesday, the Manila Times reported today.

The battle, which lasted two hours after about 100 rebels stormed a detachment of the 1st Infantry Division, was the second clash reported in 48 hours between government forces and rebels of the Moro National Liberation Front on Jolo Island, 960 kilometers south of here.

Military spokesmen in Manila and officials of the Southern Command could not be contacted for official confirmation of the latest fighting.

Kathleen Kenyon  
LONDON, Aug. 24 (Reuters) — British archaeologist Dame Kathleen Kenyon, 72, whose most important work was discovering the origins of the biblical city of Jericho, died yesterday.

By William J. Eaton

WASHINGTON, Aug. 24 — The threat of a nationwide postal strike next week loomed yesterday when rank-and-file members of the Letter Carriers union rejected by a 4-3 margin a wage-contract agreement reached by union-management negotiators a month ago.

Union President Joseph Vacca asked for immediate reopening of negotiations, a step that Postmaster General William Bolger has strongly opposed in the past.

The recently amended constitution of the National Association of Letter Carriers provides that "there will be an immediate work stoppage" if bargaining is not resumed within five days after a contract proposal is rejected.

Postal strikes are illegal under federal law but this did not stop a brief 1970 walkout involving 200,000 workers.

Blow to Restrains  
The letter carriers' refusal to ratify the contract agreement reached July 20 by the negotiators was a blow to President Carter's anti-inflation program. Mr. Carter had hoped that the proposed 6.5-percent annual pay raise would set an example of moderation for other unions.

Labor Secretary Labor Ray Marshall and other top administration officials met at the White House yesterday to discuss the potential crisis.

Federal Mediation Director Wayne Horvitz said he would meet with officials of the union and the Postal Service to discuss what steps should be taken next.

Mr. Bolger, head of the semi-independent Postal Service, said he was "disappointed" by the letter carriers' vote of 78,288 to 58,832 against ratification of the pact.

But he called on the union to comply with procedures outlined by federal law, which require fact-finding and binding arbitration by Oct. 20 to settle the dispute.

Other Tallies Expected  
Two other major postal unions are expected to announce the results of ratification votes this week-end. They are the American Postal Workers' Union, representing postal clerks, and the Mail Handlers' Division of the Laborers' International Union.

Mr. Vacca, who had advocated ratification of the contract, blamed White House anti-inflation crusader Barry Bosworth and AFL-CIO President George Meany for convincing him to vote "no."

28 Said Killed  
In Philippines  
MANILA, Aug. 24 (AP) — Twelve soldiers and 16 Moslem rebels were killed in a battle in the southern Philippines early Tuesday, the Manila Times reported today.

The battle, which lasted two hours after about 100 rebels stormed a detachment of the 1st Infantry Division, was the second clash reported in 48 hours between government forces and rebels of the Moro National Liberation Front on Jolo Island, 960 kilometers south of here.

Military spokesmen in Manila and officials of the Southern Command could not be contacted for official confirmation of the latest fighting.

Kathleen Kenyon  
LONDON, Aug. 24 (Reuters) — British archaeologist Dame Kathleen Kenyon, 72, whose most important work was discovering the origins of the biblical city of Jericho, died yesterday.

By William J. Eaton

WASHINGTON, Aug. 24 — The threat of a nationwide postal strike next week loomed yesterday when rank-and-file members of the Letter Carriers union rejected by a 4-3 margin a wage-contract agreement reached by union-management negotiators a month ago.

Union President Joseph Vacca asked for immediate reopening of negotiations, a step that Postmaster General William Bolger has strongly opposed in the past.

The recently amended constitution of the National Association of Letter Carriers provides that "there will be an immediate work stoppage" if bargaining is not resumed within five days after a contract proposal is rejected.

Postal strikes are illegal under federal law but this did not stop a brief 1970 walkout involving 200,000 workers.

Blow to Restrains  
The letter carriers' refusal to ratify the contract agreement reached July 20 by the negotiators was a blow to President Carter's anti-inflation program. Mr. Carter had hoped that the proposed 6.5-percent annual pay raise would set an example of moderation for other unions.

Labor Secretary Labor Ray Marshall and other top administration officials met at the White House yesterday to discuss the potential crisis.

Federal Mediation Director Wayne Horvitz said he would meet with officials of the union and the Postal Service to discuss what steps should be taken next.

Mr. Bolger, head of the semi-independent Postal Service, said he was "disappointed" by the letter carriers' vote of 78,288 to 58,832 against ratification of the pact.

But he called on the union to comply with procedures outlined by federal law, which require fact-finding and binding arbitration by Oct. 20 to settle the dispute.

Other Tallies Expected  
Two other major postal unions are expected to announce the results of ratification votes this week-end. They are the American Postal Workers' Union, representing postal clerks, and the Mail Handlers' Division of the Laborers' International Union.

Mr. Vacca, who had advocated ratification of the contract, blamed White House anti-inflation crusader Barry Bosworth and AFL-CIO President George Meany for convincing him to vote "no."

28 Said Killed  
In Philippines  
MANILA, Aug. 24 (AP) — Twelve soldiers and 16 Moslem rebels were killed in a battle in the southern Philippines early Tuesday, the Manila Times reported today.

The battle, which lasted two hours after about 100 rebels stormed a detachment of the 1st Infantry Division, was the second clash reported in 48 hours between government forces and rebels of the Moro National Liberation Front on Jolo Island, 960 kilometers south of here.

Military spokesmen in Manila and officials of the Southern Command could not be contacted for official confirmation of the latest fighting.

Kathleen Kenyon  
LONDON, Aug. 24 (Reuters) — British archaeologist Dame Kathleen Kenyon, 72, whose most important work was discovering the origins of the biblical city of Jericho, died yesterday.

## Using Pulsed Laser

## Scientists in U.S. Produce The Shortest Light Blip

By George Alexander

LOS ANGELES, Aug. 24 — Scientists at the University of Southern California's Center for Laser Studies have produced the shortest blip of light so far known — a burst that lasted less than two-tenths of a trillionth of a second.

Scientists are hopeful that such pulses of light will illuminate the very fast chemical reactions that occur in such processes as photosynthesis and thermonuclear fusion.

One of the major reasons why photosynthesis — the process by which green plants use the energy of sunlight to manufacture carbohydrates and oxygen from carbon dioxide and water — has remained a poorly understood reaction is that scientists have not had an analytical tool fast enough to follow the complex steps that take place in the process.

The situation today is reminiscent of an argument that raged a century ago: Did a galloping horse ever lift all four of its hooves off the ground at the same time? Some said it was a physical impossibility; others contended that it happened.

The action was just a little too fast for the human eye to follow closely. It remained for Edward Muybridge, one of the most innovative pioneers of photography, to resolve the issue in 1877 by means of high-speed cameras.

Special Shutter  
Mr. Muybridge developed a shutter which could open, take an image on film, and close, within two-thousandths of a second. He fitted this kind of fast-operating shutter to each of an array of cameras and then snapped a sequence of stopped-action shots as a horse galloped in front of the cameras.

The sequence showed that, indeed, there were instants when the animal had all four hooves off the ground simultaneously.

But a thousandth of a second is extremely slow when it comes to capturing actions such as chemical processes. In these, reactions happen in the brief span of a trillionth of a second, a division of time known to scientists as a "picosecond" — the prefix pico means one-trillionth.

"This is the time scale at which a lot of nature works," said Prof. John Brauman, a Stanford University chemist. "Molecules vibrate and rotate within picoseconds, [chemical] bonds are formed or broken, that sort of thing."

In the last few years, a great deal of effort has gone into the development of instruments and techniques that operate as fast as the activity under investigation. Lasers are that kind of instrument.

Beams of Light  
A laser — the name is an acronym for Light Amplification by Stimulated Emission of Radiation — is basically a beam of light but, whereas ordinary light is a mix of different colors and frequencies, the light from a laser is a single, well-defined frequency. If it were sound, the beam of light from a laser would be a pure tone, like a solitary note sounded by one instrument.

Although lasers are used as continuous beams in many applications — their exceptional sharpness makes them superb alignment tools, for example — they are pulsed, or turned on and off very rapidly, in many scientific efforts. The recent achievement by USC researchers involved a pulsed laser.

The usefulness of such short-lived pulses, said Dr. Jean Claude Diels of the Center for Laser Studies, is the fact that they allow experiments to follow the course of fast-happening events such as chemical reactions. In fact, these brief pulses are akin to Mr. Muybridge's quick-action shutter.

The first pulse from a laser is designed to be more powerful than succeeding light blips, said Dr. Diels, and thus to cause changes in the target matter.

The succeeding pulses then pass through the target and fall on some

U.S. Bars Data  
From Suspects  
NEWARK, N.J., Aug. 24 (AP) — Two Russians accused of espionage were barred yesterday from reviewing the top secret Navy documents that the U.S. government says they conspired to transmit to the Soviet Union.

Federal Judge Frederick Lacey placed a document which deals with anti-submarine warfare and other national security information pertaining to the case under protective seal and denied the defendants access to it.

The United States has argued that the indictment provides probable cause to believe that the defendants, if permitted to examine the documents, would transmit their contents to a foreign government, the judge said.

kind of measuring device. In the process, they reveal what changes occurred in the target during each interval of time after the initial blast of light.

If the target is a chemical process, for example, and is in a normally transparent solution, the initial laser pulse may make it opaque because reactions have happened and new compounds have been formed or old ones broken down even if for a short period of time.

Although it would take a tunable laser, one which could be tuned to a broad range of frequencies like a radio, to tell which compounds are present — because every compound absorbs or emits radiation at very specific, characteristic frequencies — a single-frequency laser still can be put to good scientific use, according to Dr. Diels.

At a number of laboratories in the United States — at Columbia University, Bell Telephone Laboratories, Pennsylvania University, Stanford, Florida State University and others — scientists are using pulsed lasers to explore uncharted realms of nature.

Prof. Kenneth Eisenthal of Columbia, for instance, is using a pulsed laser (with longer pulses than that of the recent USC development) to study the abrupt shift of two protons on a certain chemical compound. The protons shift to a different site on the molecule whenever they are struck by a pulse of light and remain at that site for a short period of time.

Because of the similarity of this compound to elements of DNA (deoxyribonucleic acid, the biochemical blueprint of every living thing), Prof. Eisenthal and his colleagues are studying the proton transfer to see if it might illuminate mutagenesis — the introduction of change into an organism's genetic structure.

Dr. Diels said that USC's laser center is pressing ahead with a number of advanced laser concepts such as an attempt to develop a laser which could be tuned over a broader range of frequencies and also trying to develop a laser that emits a beam of ultraviolet radiation rather than visible light.

© Los Angeles Times

**ilias LALAOUNIS**

PARIS  
364, RUE ST-HONORE (PLACE VENDÔME)

GENEVA: 41, RUE DE LA PAIX  
ZURICH: 11, RUE DE LA PAIX

ATHENS: 5, PANEPISTIMOU AVENUE  
TIRESSA: 4, STADIUM STREET  
TOWER OF ATHENS

HOTELS: GRANDE BRITAGNE  
& ATHENS HILTON  
GREEK ISLANDS  
MYKONOS, CORFU, RHODES

SYMBOLS IN GOLD  
22 & 18 C

**STOP!**

THIS IS THE PLACE YOU ARE  
LOOKING FOR IN PARIS...

**Best TAX-FREE  
EXPORT PRICES!**

**MICHEL  
SWISS**

16, RUE DE LA PAIX  
(2nd Floor, Elevator)

Phone: 261.71.71

ALL PERFUMES & COSMETICS  
BAGS & SCARVES & TIES  
FASHION ACCESSORIES  
FLAWLESS MAIL ORDER DEPARTMENT  
FREE SAMPLES

**3. Your sister's  
laughter.**

(Another good reason to call home.)

An international call is the next  
best thing to being there.



## Moscow and Peking

The Kremlin is bitterly protesting the remarks of China's Chairman Hua in Yugoslavia, as it did when he was in Romania. He is accused of being divisive, of stirring up the capitalist enemies of the U.S.S.R., of risking war. That balancing relations between Communist China and Communist Russia poses a delicate problem for the West is apparent to almost all. The are those, of course, in the United States who are quite willing to disregard China's crossing of the Yalu while concentrating on the Soviet threat to the Horn of Africa — those who are, in other words, prepared to go all out for China to secure an ally against the Soviet Union.

But the choices involved in this decision are more complicated than simply having President Carter exchange kind words with Chairman Hua. There is a group of U.S. congressmen in Vietnam, for example, who might shed some enlightenment on this topic. They are visiting Hanoi and Ho Chi Minh City, as the first official American delegation to do so since the metropolis was called Saigon. Ostensibly they are to seek out more information about Americans killed or missing in action during the Vietnam war, and some bodies will be returned as a result of the visit. But there are other aspects to this mission, a fact that both Vietnamese officials and congressmen have made clear.

Vietnam wants aid from the United States. It had at first insisted on reparations for damages caused by the United States during the civil war. This contention was rejected by Washington — whatever claim Hanoi made that was based on conditions set up during the Paris peace talks was shattered when the North Vietnamese broke the cease-fire agreed upon in those talks. But there was still a willingness in the United States to consider assistance for the Vietnamese, or at least a

normalization of trade relations with that battered land.

But the Vietnamese question has, for the United States, another side. Hanoi has an acute quarrel with China that in part springs from China's support of Cambodia, which has become the Uganda of Asia and which has old claims to Vietnamese soil. And in part the quarrel stems from a problem that the two countries are trying to resolve now — the fate of the ethnic Chinese in Vietnam. Whether because they are largely a white-collar, trading class within Communist Vietnam or simply because they are Chinese in origin (and there were many battles between the old China and the states making up Indochina), the ethnic Chinese are leaving Vietnam in droves.

This division between China and Vietnam, which also reflects the Soviet Union's support of Hanoi, has been summed up by one congressman: "They just want us on their side against the Chinese. That's the bottom line." If so, and it seems probable, just where does that leave the American thrust to restore normal relations with Vietnam while improving relations with China? It is much the same dilemma as in Europe, where help for the independent-minded Communist states can mean acute friction with Moscow.

The dilemma should not be irreconcilable. President Nixon visited both Peking and Moscow. The United States should not be forced or tempted into making a choice among Communist states, but to seek to use its good offices to improve conditions (including human rights) within those states, and deal with subjects of friction on the basis of individual cases. The whole system of spheres of interest, a relic of the 1945 victory, is, if not breaking up, at least attaining a new fluidity. And the United States should be the last to buck the tide of events.

## McGovern and Cambodia

Even when there is no newspaper strike, August is usually a slow month for news. And this may be the slowest week of the slowest month. Television tells us that a helicopter was dispatched to return Amy Carter's lost glasses. The Associated Press reports that there is a crabgrass problem on the White House lawn. Jacqueline Onassis offers a true confession: She has bought real estate. It is understandable, hence, that George McGovern's remarks on Cambodia have caused such a stir — understandable but regrettable.

Cambodia has become so bloody a place, the senator said during a hearing the other day, that the civilized world ought to consider doing something about it, by force. "Is any thought being given... to sending in a force to knock this government out of power? I'm talking about an international peace-keeping force, not the United States going in with the marines." Such intervention is justified in only the most extreme circumstances, he said, but Cambodia "is the most extreme I've ever heard of."

Observers have been quick to see — and criticize — an ironic inconsistency: How could so prominent a Vietnam war protester

even contemplate military intervention in Southeast Asia?

We don't agree with the senator about forcible intervention. It could not work. Even if the international peace-keeping force he has vaguely in mind could be assembled, what would it do? As one State Department authority observed, "To take over Cambodia you're going to have to take over the villages — all of them." It sounds to us as though the senator was, in suggesting force, carried away by his horror.

But there is grisly evidence aplenty from refugees to justify horror. Since Cambodia was taken over by Khmer Rouge fanatics in 1975, the magnitude of disaster numbs the mind. It is estimated that out of 8 million Cambodians, hundreds of thousands have been killed or allowed to die of starvation and disease. It may not be possible for anyone — except perhaps China — to do much about it. And it was impetuous of Sen. McGovern to suggest that there is a military solution. But the problem — and the horror — remain, and he is right, in a lazy August, to try to communicate that to the conscience of the United States.

THE NEW YORK TIMES.

### International Opinion

#### WCC's Donation

By granting some \$885,000 directly to the Zimbabwe Patriotic Front to cover expenditure on food, health, education, agriculture and health services for refugees in Botswana, Mozambique and Zambia, the World Council of Churches has allowed the Front to invest that much more if it chooses in the continued killing inside Rhodesia. To that extent the WCC is now engaged, albeit marginally, in financing the fight against the internal settlement. As a result, the Salvation Army (which does not subscribe to the special fund from which the money is coming) has suspended its membership of the WCC pending inquiries.

If these inquiries produce an open explanation of how far the WCC supports the liberation war, then they will have been worthwhile.

—From the Guardian (London).

#### Israel's Reaction

Israel has introduced an unacceptably shrill note into accusations against alleged British security shortcomings, following last Sunday's attack on an El Al coach outside the Europa Hotel in Mayfair. Outrage, grief — one Israeli stewardess was killed and another seriously wounded — account for

much. But Israeli reactions have in some respects gone beyond what should be expected between two friendly states. Israel has been demanding that El Al security men should be allowed to retain their arms after leaving their aircraft at Heathrow. This the government has quite rightly refused. It would be tantamount to acquiescing in the transfer to British soil of the state of war existing between Israel and Arab states. Israel has also demanded that the government should bar officials of the Palestine Liberation Organization from Britain. This is also unacceptable. Britain is not at war with the PLO.

—From the Daily Telegraph (London).

#### Toshiba-Rank Deal

The deal between [the Japanese electrical group] Toshiba and Rank [Radio International, to produce television sets in Rank's plants in Britain] may encourage other companies to follow the same approach; if such arrangements incorporate reciprocal advantages for the British partner in the Japanese market, so much the better. But it would be highly regrettable if the joint venture became the only acceptable route for Japanese investment. New factories are just as welcome, however much the established producers may protest.

—From the Financial Times (London).

### In the International Edition

#### Seventy-Five Years Ago

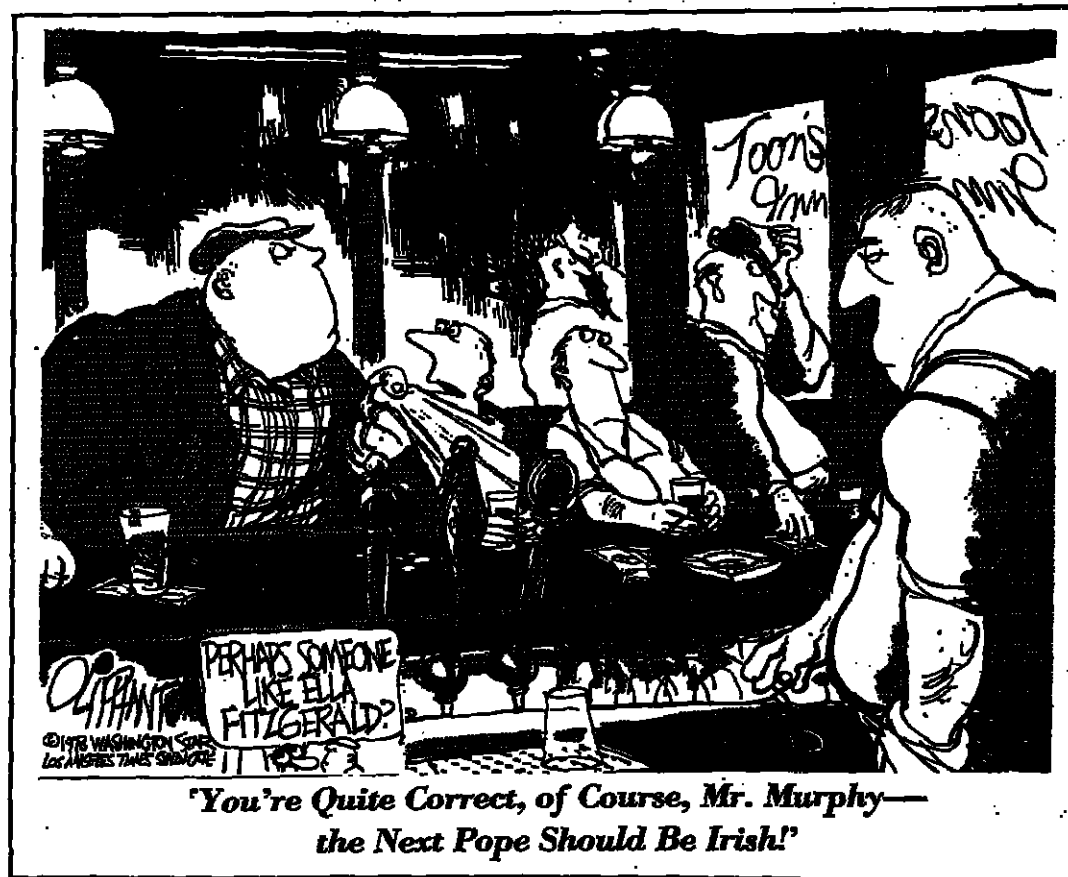
August 25, 1903

SALONIKA, Macedonia — The recent success of the revolutionists in Macedonia has brought the region to the brink of a full-scale war with the armies of the Ottoman Empire as the rhythm of raids and reprisals escalates and Turkish opinion cries out for outright invasion. As the number of rebel supporters increases, army sources in Constantinople report that military leaders are pressing for action. Meanwhile, the Ottoman government has placed an order with Krupp for 200,000 rifles.

#### Fifty Years Ago

August 25, 1928

PARIS — U.S. Secretary of State Frank Kellogg arrived in Paris today to sign the pact that is to put war outside the pale of international law and of which he is the chief author. Mr. Kellogg arrived at Le Havre aboard the French Line flag-ship Ile de France, and was whisked to Paris immediately after welcoming ceremonies were over. His train arrived at the Gare St. Lazare an hour early in what was thought to have been a deliberate move to forestall a Communist demonstration outside the station. Whether because of these precautions or not, the demonstration never materialized.



## E. Germany's Turn in Space

By Leopold Unger

BRUSSELS — According to reliable sources, East Germany will soon join the man-in-space club, whose current members are the United States, the Soviet Union, Czechoslovakia and Poland.

The profile of the world's next spaceman can be drawn with little chance of error through a simple analysis of the circumstances surrounding the flight last March of the Czech Vladislav Remek and that last month of the Pole Miroslav Hermaszewski.

East Germany's cosmonaut will be male, about 35 years of age, married and of worker or peasant origin. Without doubt, one of his close relatives will have been a victim of the Nazis. He will be a captain or major in the air force and will have graduated among the top of his class.

His mother will be interviewed secretly just before the launching and she will declare that she is proud of her son, adding that he had always dreamed of being a spaceman.

### Running Account

The East German cosmonaut will probably be a member of the Soyuz-32 crew (the Czech was on Soyuz 28, while the Pole was on 30), whose commander will be a Soviet colonel. The East German minister of defense will be present at Baikonur for the liftoff, as will an East German radio newsmen, who will give a running account. This will be broadcast after the successful launching.

Before reaching the ethereal regions, the cosmonaut will thank the leaders of his Communist Party — of which he is certain to be a member — and those of the Soviet party for the "confidence they have shown in him." He will have in his baggage a photo of Leonid Brezhnev and of Eric Honecker (his predecessors carried those of Gustav Husak and Edward Giersek), a miniature copy of the East German constitution, a flag of his country and the Communist Manifesto.

During his stay aboard the space train, made up of the space station Salyut-6 and two Soyuz spaceships, the East German cosmonaut will participate in technological experiments on weightlessness, as did his predecessors from the Eastern-bloc countries.

And as soon as the hero returns to earth he will be submerged by the congratulations of his country's leaders and, naturally, those of Mr. Brezhnev. He will become No. 1 on the hit parade, and his East German countrymen will reach the stage attained by the Czechs and Poles, that of asking: "What has happened to our cosmonaut? The television hasn't mentioned him for at least five minutes."

### Don't Touch

Although the East German cosmonaut will not be allowed to touch the controls of the spacecraft, his presence aboard will be hailed — as "a new important step in the use of space for peaceful purposes by the socialist countries that have signed the 'Interkosmos agreement.'"

Mr. Brezhnev will be gratified by a telegram from East German authorities declaring that "the Interkosmos program is further proof of the new relations between nations that have been established by socialism."

The Interkosmos program groups the Soviet Union and eight socialist countries — Bulgaria, Cuba, Hungary, Mongolia, Poland, East Germany, Romania and Czechoslovakia — for joint space research.

The idea for this type of cooperation was proposed by the Kremlin in 1965, but really got started only in 1969 with the launching of the Interkosmos satellite, which carried aloft instruments built in various socialist countries. It was in 1970 that a conference was held in Poland, where the technical basis of cooperation was agreed upon and the name of the agreement, 'Interkosmos,' was chosen.

The final agreement, concerning "cooperation in the field of space exploration and the utilization of space for peaceful purposes," was signed in Moscow on July 16, 1976. The agreement, which is valid for 10 years, is renewable automatically.

ly for five years. It has set up projects that include joint flights in the years from 1978 to 1983 and a manned spaceflight to Mars after a series of landings on the moon. The accord also set up the criteria for choosing non-Russian cosmonauts as well as the means of financing their training.

### Thorough Inquiry

The cosmonaut candidates, two from each country, are chosen by the authorities of their own countries following a thorough inquiry — for security purposes — by Soviet experts. Those who are chosen then spend from 18 to 27 months in Star City, more specifically at the Yuri Gagarin Space Center, 25 miles northeast of Moscow. They must be accompanied by their families; all costs are borne by their home countries.

But within Interkosmos, the reasons for choosing one cosmonaut ahead of another, that is, for granting a privilege to one Eastern European country before another, are both technical and political. Czechoslovakia was the first of the Interkosmos countries to have its cosmonaut aboard a Soviet craft, and not the biggest of the signatories, which is Poland.

Technically, Czechoslovakia was well placed to be first. Czech contributions to the space program were greater than those of Poland or of East Germany, without mentioning the technically less-developed countries of Bulgaria and Cuba. Prague plays a role in 16 of the 17 Interkosmos research workshops. Furthermore, it boasts an ultramodern satellite communications center, officially named the "Soviet-Czech Friendship Radio Communications Center" (which, among other tasks, relayed the Montreal Olympic Games and the recent Argentine World Cup to the intervention network). In addition, many sophisticated instruments of Czech manufacture have been placed aboard Soviet satellites, particularly the Cosmos that disintegrated and dispersed its radioactive material over Canada.

### Success Needed

Yet, the political and the psychological aspects of choosing the cosmonauts were undoubtedly preponderant. The Eastern nations, which live in a state of limited sovereignty tolerated by Moscow, have a pressing need for national successes. It became absolutely necessary to give them the possibility to work off their nationalist sentiments in a spectacular way, but in one that remained under control.

Any manifestation of nationalism is impossible in politics, because, inevitably, it would turn out to be against the Soviet Union. And in sports, the situation is also touchy. The riots that followed the 1969 hockey game in Prague between Czechoslovakia and the Soviet Union are ample proof of that. A similar incident took place in Lithuania last year after a soccer game, and other eruptions of lesser importance occur almost systematically during the "Warsaw-East Berlin-Prague Bicycle Race of Peace."

But any outbreak of nationalismic fever in space is perfectly acceptable, and even desirable. Particularly as any such sentiment would also have to include a nod — this time a legitimate one — of thanks to the Soviet Union.

Whatever reason may be behind the choice of an Eastern European for participating in the space festivities, no Western European may take it lightly. The first Western European will not be in space until 1980, when he will participate in a U.S. Spacelab mission.

"The space adventure is a cruel mirror, which reflects for each nation the very image of its own power," an observer said recently. And Western Europe would need to agree on a common objective to

send a man into space; in this field, as in many others, commonality is totally lacking. Nevertheless, if any Western European country feels a particular need for a liftoff, it may always turn to the Soviet Union; Article 13 of the Interkosmos agreement declares that other countries may join the charter group.

The chances of a Western European country in Interkosmos, however, are small; the Russians are wary of foreigners.

Questioned as to why the Eastern European cosmonauts always have to fly under the command of Soviet cosmonauts, someone in Moscow replied that if one of the Soyuz craft had two non-Russians aboard, the satellite would probably end up landing somewhere in the West.

Mr. Unger is a columnist for the International Herald Tribune.

## Letters

### The Speculators

The IHT report (Aug. 17) of President Carter's call to strengthen the dollar will command the strong support of Americans living abroad. But, despite the good intention in the financial markets, the day has long since passed when presidential declarations are taken as anything close to a mission accomplished. Today the public will accept only results in its appraisal of political action.

The press can help the president to a good start in the new effort by telling the world something never really disclosed to people generally — who the giant financial speculators are that can successfully defy the policy of all governments, (a policy intended) to bring about a greater measure of monetary stability. Although the governments must know who they are, they do not tell us and the whole situation is clouded in mystery. Presumably they are the multinational corporations and international banks. But are they engaged in normal business or banking transactions or in rank speculation? If trading on the New York and other stock exchanges requires SEC and other changes, maybe some form of international equivalent is needed for foreign-exchange markets.

It would be more than interesting to read a list of the big foreign-exchange traders and hear them explain the basis on which they justify their trading. Somehow in the present financial vacuum it is difficult to accept the idea that these nameless traders think the dollar is worth upwards of 10 percent less than it was six months ago because Congress has been slow to enact energy legislation and other measures. In fact the contrary is the case. All responsible quarters assert that the dollar is seriously undervalued.

As in so many other difficult public questions, the press can perform a great public service by carrying disclosure may well carry with it worthwhile and perhaps unsuspected indications of how best to restore workable and sensible international monetary markets. On this subject we have not had "all the news that is fit to print."

ALFRED E. DAVIDSON.

Paris.

### Doing Little

I will never cease to be amazed at the naive (nay, ineptness and "big talk") of our Washington leaders since the post-World War II period. It seems that we have been talking a lot and doing little of effectiveness since the early 1950s. Can we only cope when we are "king of the hill"? American-style diplomacy has been the butt of derision for centuries and in an era when we should have educated ourselves during greater involvement and close contact with the rest of the world we appear instead to have retrogressed on politico-economic matters, at least on a high governmental level.

The latest faux pas was Mr. Carter's recent press conference, where he may have given the lethal blow to the sick dollar. After having expressed concern and asked for counsel from high aides, which in itself gave a shot to the currency market, he fouls it up with an unnecessary public announcement the day before his aides were to report back to him. I am beginning to

## The Lofty View From the Bridge

By Daniel S. Greenberg

WASHINGTON — Debate over the nuclear carrier that President Carter vetoed last week has focused on strategic and budgetary considerations, but the neglected issue in the case of the mammoth ship is social.

Like cavalry forts, which also long survived beyond their military utility, carriers are bastions from which the brass flies its pennants, and if present-day trends continue, a long-evolved and carefully cultivated lifestyle will be scuttled at the instigation of a bunch of anonymous, pencil-flicking, cost-effectiveness accountants.

And that's hard for the admirals to accept, as the \$2-billion carrier, though it can be very badly messed up by \$100,000 missiles, is an incomparable stage for the ship's lifting ceremonial pomp that comes with lots of gold on the sleeve. Carriers enter and leave port in a blaze of brass bands, with thousands of crew members, in dress uniform, lined up on deck, while lesser vessels along the route whistle signals of homage. And there, on the bridge, the skipper, lord of it all, unless an admiral is riding along, in which case he seals it up from an even loftier "flag" bridge.

It's highly inspirational, like a platoon of knights in armor, and anyone who has invested 20 years in getting there understandably acquires delusions about the floating airfields' invincibility and military importance, even in an era of precision-guided long-range missiles.

That the perception might be erroneous is strongly suggested by the history of the aircraft carrier itself, which long played second fiddle to the obsolete battleship until World War II forced the big gun admirals to face reality, sometimes from a life raft. Nostalgia, however, is so powerful in the Navy that during the Vietnam war, a few remaining bring-back-the-battleship aficionados duped the Defense Department into recommissioning, at vast cost, a mothballed World War II battleship. After a bit of blasting at presumed targets along the coast of North Vietnam, the relic was returned to its retirement anchorage and re-encased in grease and gauze. It would take the return of the bow and arrow to top that for a military comeback.

The present Polaris and Poseidon submarines represent a compromise between function and size, the latter being inversely related to the submarine's greatest asset — its ability to hide. The less there is of a submarine, the less of a stir it makes in the water and the harder it is to detect. Nevertheless, though the existing U.S. submarines fill every requirement for safety, concealing a missile force sufficient to destroy the Soviet Union several times over, the Navy is pushing ahead with a new and bigger model, the Trident — 235 feet longer and with a displacement that is 11,500 tons greater than any submarine missile-carrier now in the fleet.

The military need is for compact, both in carriers and submarines. For other reasons, however, the U.S. Navy is hooked on plush recreational vehicles.

In examining the politics of the carrier, it's important to realize that carriers are to the fleet as yeast is to dough. They are the expansive force, for the carrier, mighty as its proponents claim it to be, is just too valuable and vulnerable to travel alone. Laden with millions of gallons of aviation fuel and thousands of tons of high explosives, they are floating bombs, perhaps unsinkable, as their proponents claim, but nonetheless easily wrecked by a well-placed shot.

Carriers, therefore, must be protected by destroyers; destroyers, however, have limited storage capacity, so they must be served by tankers and other supply ships. Being slow and lightly armed, those service ships must be protected by destroyers — and so on. And all of those seagoing forces require home bases, which, though not as satisfying as a carrier for ceremonial purposes, provide comfortable waiting places for brass hoping for the ultimate — a big, seagoing command.

The inexorability of advancing military technology has forced the Navy to recognize that it has a future, but it's mainly under the sea, as a major arm of the U.S. strategic-missile force and as a hunter-killer force against hostile submarines. But here, too, the nostalgia for big ceremonial platforms is an element in the Navy's strategic thinking.

The present Polaris and Poseidon submarines represent a compromise between function and size, the latter being inversely related to the submarine's greatest asset — its ability to hide. The less there is of a submarine, the less of a stir it makes in the water and the harder it is to detect. Nevertheless, though the existing U.S. submarines fill every requirement for safety, concealing a missile force sufficient to destroy the Soviet Union several times over, the Navy is pushing ahead with a new and bigger model, the Trident — 235 feet longer and with a displacement that is 11,500 tons greater than any submarine missile-carrier now in the fleet.

The military need is for compact, both in carriers and submarines. For other reasons, however, the U.S. Navy is hooked on plush recreational vehicles.

enough to think that Syria wanted to dominate their country and remain there permanently. So far so good. But there are just a few points which are not quite clear, at least not to me.

For instance, if the real crisis in Lebanon is a result of rivalry between the Christian tribal groups, as Omran claims, then how come the crisis descended to shatter that peaceful and prosperous country only after hordes of armed Palestinians, pushed out of Jordan in 1970, swarmed into Lebanon and disrupted life there?

If Syria cherishes the dream of Arab unity to the extent of sacrificing its own statehood in a merger with Egypt in 1958, and still regards "Palestine" as a "principal part of southern Syria," (Assad, March 8, 1974), how could she at the same time countenance a reactionary sovereign entity flanking the great pan-Arabic state? Lastly, why should Israel want to tear Lebanon apart, thus creating yet another troublesome front, when she already has enough of that in the north, with Syria?

Try again Mr. Omran. I'll wait patiently.

JANE MAY.

London.

### Tax Treatment

With reference to Jane Friedman's article (IHT, Aug. 9) regarding U.S. taxpayers in Europe, there may well be a constitutional issue which all of us with legal training should stress in a final effort to achieve equitable tax treatment.

A valid question arises as to whether differentiated tax treatment for U.S. citizens residing abroad based on the mere location of residence constitutes a violation of the equal protections clause of the 14th Amendment to our Constitution. U.S. citizens residing in Hong Kong or Milan are not different types of taxpayers, but members of a single class, yet one enjoys far more favorable U.S. tax treatment than the other.

Americans in Europe are angry, as Miss Friedman rightly says, but powerless. The much sought-after right to vote as overseas residents is proving itself something less than a stunning victory. Our vote is so dispersed over the 50 states that no member of Congress need be concerned about our wrath. But we must fight on.

THEODORE A. COSHNEAR.

Milan.

JOYCIOLISA



الشرق الأوسط

Courts, Verdict Questioned

# BBC Deletes Commentary In Play on Ulster Inmate

By Roy Reed

LONDON, Aug. 24 (NYT) — A BBC play on a Northern Ireland prisoner has aroused new concern about special courts for terrorist suspects and at the same time has intensified a controversy over restrictions placed on British television's Ulster commentaries.

"The Legion Hall Bombing," by Caryl Churchill, is based on the trial of a young Catholic charged with bombing a building in Strabane in 1975. It not only raises questions about the province's special courts but also casts doubts on the man's conviction.

The prisoner, William Gallagher, is in the seventh week of a hunger strike and is said to be in deteriorating condition.

The play was broadcast Tuesday night over the author's objection. The BBC deleted much of her commentary. Miss Churchill accused the network of censorship and, after failing to stop the showing, had her name removed from the credits.

## Second Incidence

That was the second time this summer that a British television program on Ulster had been changed or blocked. The first was made originally for the private network controlled by the Independent Broadcasting Authority. It was on an Amnesty International report that criticized police interrogation methods in Northern Ireland. The authority blocked the broadcast and the producer gave it to the BBC, which showed it.

As if to demonstrate the full reach of the nation's anti-terrorism law, British authorities arrested the father of the young prisoner last weekend. They held him 24 hours, without explanation, when he arrived on the British mainland to see a preview of Miss Churchill's play and to plead for his son's release.

The son, 21 years old, is serving a 12-year sentence. The father, Brendan Gallagher, said Tuesday that

his son is in critical condition from hunger and had "lost the will to live." He has taken only liquids since July 11. His weight reportedly is down to 98 pounds.

William Gallagher was charged about a year after the Legion Hall bombing. Miss Churchill's dramatization of the trial, based on the transcript, suggests that an oral confession might have been invented by the police months after they had first questioned the youth. The police denied that during the trial.

The confession, which was unsigned, apparently was the key to his conviction. It overrode the testimony of a witness who said that Gallagher was not the person who had carried the bomb into the hall. The witness was part of a crowd that left hurriedly before the bomb exploded. No one was hurt.

## Latitude for Courts

In 1973, responding to terrorist intimidation of witnesses that made trials difficult, Britain set up special courts in Northern Ireland for trying terrorist offenses. The courts do not have juries. Their rules of evidence give wide latitude to police testimony.

Part of Miss Churchill's deleted commentary said the courts had been set up to make convictions easier and that had been the result.

"Recent research at Queen's University, Belfast, shows that the rate of acquittals in these courts has dropped steadily each year," the commentary said. "If the courts can accept unsigned statements put forward by the police with no corroborative evidence and reject the evidence of a witness without explanation, it is reasonable to ask whether it is worthwhile for the defense to put a case at all."

## BBC Defends Changes

The BBC defended its deletion of that and other comments by saying that the play was designed as a straightforward dramatization of the trial, not as comment, and that viewers could make up their own minds.

Miss Churchill said yesterday, "Even without the commentary, people will have been able to realize that it raised considerable worry about the guilty verdict and the role of the court in Northern Ireland at the moment."

Northern Ireland's major Catholic political party, the Social Democratic and Labor Party, is supporting Gallagher and has called for his release.

The party also has charged that he was beaten by prison guards several weeks ago. The Northern Ireland Office has denied that.



GREENLAND CROSSING — Naomi Uemura's sail-assisted dogsled glides across Greenland during his north-to-south trek. The Japanese explorer, 37, is the first to make the 1,680-mile crossing alone by dogsled and completed the trek Tuesday. He took this picture.

## Relations With U.S. Are Said 'Worst in Years'

# Nationalism Is Revived as Argentina Attacks Critics

By Charles A. Krause

BUENOS AIRES, Aug. 24 (WP) — Siete Dias, a newsmagazine, has President Carter on its cover this week along with pictures of policemen stomping on the heads of blacks in Philadelphia, and helmeted troops allegedly shooting at rioters in an unidentified U.S. city.

Para Ti, a leading women's magazine, recently began urging housewives to send postcards with Argentine flags to foreign critics of the military government's anti-terrorist effort and human-rights record. "The war has ended in Argentina," the postcards say. "These flags are symbolic of the peace that we have won."

The two magazines reflect a change of mood in Argentina, which in the past has suffered international criticism largely in silence. In recent weeks, as Argentines basked in the glory of staging and winning the World Cup soccer championship in June, they have begun to strike back. There has clearly been a re-awakening of the nationalistic spirit that has long been a factor in Argentine political life.

The new militancy has appeared at a time when U.S.-Argentine relations are at their lowest in years, according to diplomatic observers, and seem likely to get worse.

The Siete Dias issue with Mr. Carter's likeness on the cover carries

an article observing that terrorists, militants and common criminals in the United States are not always treated gently. "The United States today," reads the headline over a picture of soldiers aiming guns at a terrified black woman. "Mr. president, is this the bulk of human rights?"

The article and pictures accompany a growing government campaign against critics abroad who have accused the two-year-old military regime of President Jorge Videla of kidnapping, torturing, jailing or executing thousands of Argentines in pursuing its war against terrorism.

The military here is portraying international criticism of its anti-terrorist campaign as criticism of the country itself. At the same time, the press is fanning the flames of nationalism among the country's 25 million inhabitants, who are often ignorant of the kidnapping being carried out by secret anti-terrorist squads.

These secret police activities are not reported in Spanish-language newspapers, although the English-language Buenos Aires Herald does report missing-person cases when families or friends provide information.

Average Argentines are informed only when a prominent person disappears or when the terrorists strike, as they apparently did on Aug. 1 at the home of Adm. Ar-

mando Lambruschini, who will become the Navy's representative on the three-member ruling junta next month.

Adm. Lambruschini was not home when a bomb exploded in an apartment adjacent to his, but his 15-year-old daughter was killed. The bombing received front-page coverage and revolted many Argentines.

A week after the bombing, Patricia Derian, the U.S. State Department's top human-rights official, sharply criticized the Argentine government in testimony before a House of Representatives subcommittee in Washington.

She accused the Videla government of "systematic torture" and "summary executions" of terrorists and political opponents, and said that there was no indication that the human-rights situation here was improving.

"It is ridiculous to violate human rights to protect human rights," Miss Derian said. This statement infuriated government supporters, who argue that there is no way to stop an estimated 20,000 active terrorists and their backers except to fight them with extrajudicial and clandestine methods similar to their own.

The day after Miss Derian's testimony, the Foreign Ministry issued what government officials and diplomats call the strongest anti-U.S. statement here in recent memory.

## Calls Defense Forces 'Ambiguous'

# Ousted Japan General Renews Criticism

By Sam Jameson

TOKYO, Aug. 24 — Gen. Hiroo Kuriusu, former chairman of Japan's joint staff council, has compared the country's armed forces to a "castle built on sand" and predicted that nothing substantial will be done to strengthen them.

Later yesterday, apparently by coincidence, the Defense Agency completed a plan to ask \$11.3 billion — a 12.3 percent increase — for defense spending in the fiscal 1979 budget. It was the lowest rate of increased defense spending requested in postwar Japan.

Four-star Gen. Kuriusu was forced to resign in July after declaring that front-line forces might have to act without orders in a surprise attack. Yesterday he told a Foreign Correspondents Club meeting that "resent objective conditions surrounding Japan have forced the Japanese people to open their eyes to defense problems, whether they like it or not."

He cited such "conditions" as a Soviet military exercise in the Kuril



Gen. Hiroo Kuriusu

Islands north of Hokkaido, which are claimed by Japan. President Carter's plan to withdraw U.S. ground troops from South Korea, and China's brief claim to the Japanese-held Senkaku Islands last April.

## The Status Quo

But the new public interest in defense matters "does not automatically lead to strengthening Japan's military capability," Gen. Kuriusu said. Both the ruling Liberal Democratic Party and the opposition favor "maintaining the status quo, so I doubt that Japan would significantly increase its military power."

The budget request prepared by the Defense Agency appeared to back up his statement. Although the requested sum would give Japan the world's seventh-largest defense budget, spending would still fall short of the so-called "political" limit of 1 percent of gross national product that a succession of Japanese Cabinets has set.

The request is subject to approval by the Finance Ministry and the government of Premier Takeo Fukuda before it becomes part of the budget. It will be submitted to the Diet early next year.

The request includes a proposed new allocation of \$74.2 million to underwrite some of the costs borne by the United States in stationing 46,000 troops here. Defense officials propose to construct living units at two U.S. bases for airmen now forced to live off base, and to refurbish barracks at other bases.

An additional \$30 million, not included in the budget request, was reported to be under consideration to help reduce costs to the United States of paying Japanese workers' salaries at U.S. bases. The salaries have skyrocketed in dollar terms because of the rising value of the yen.

The cost-sharing proposals would come on top of \$547 million

that Japan already pays in rent to owners of land used by U.S. forces here, and a labor cost-sharing arrangement of \$32 million which was implemented this year.

(Under the U.S.-Japan Security Treaty, signed in 1952 and revised in 1960, the United States provides Japan's nuclear shield and is obliged to help defend Japan in case of aggression. Japan's no-war constitution forbids a reciprocal obligation, but Japan provides bases for U.S. forces — deemed essential by Washington in carrying out U.S. commitments in Asia — without charge.)

## Emergency Role

Gen. Kuriusu, in his appearance at the Foreign Correspondents Club, complained that the country's politicians and officials of the Defense Agency had neglected for years to enact legislation needed to spell out procedures that the defense forces would have to take in times of emergency.

He said he had tried to incite such legislative action by pointing out that law required the Japanese premier to order front-line forces to act, even in a surprise attack.

Before a premier could do that, "he would have to get the approval of the National Defense Council, the Cabinet and normally the Diet, as well," Gen. Kuriusu said. It was "not clear how the self-defense forces should respond" in the meantime.

"What I am discussing is common sense in world military affairs. It is a problem Japan should have resolved long ago. . . . But instead of chastising the military officers by saying 'What have you been doing all these years?' the response [to my comment] has been that I subscribe to a dangerous idea."

## 'Ambiguous Institution'

He said that present law also failed to spell out procedures for what actions defense forces could take to allocate use of hospitals, transportation, communication facilities, private land and aviation routes in an emergency.

"Under present laws, the self-defense forces are an ambiguous institution, a castle built on sand, or, as in the proverb, a sculptured Buddha without spirit," he said.

Gen. Kuriusu's complaints and ouster led the Defense Agency to promise to study what legislation was needed to clarify the roles of the defense forces during an emergency. Two opposition parties have joined the ruling Liberal Democrats in promising to consider such legislation.

Japan's self-defense forces consist of ground, maritime and air branches totaling less than 300,000 men.

© Los Angeles Times

# Take advantage of the best news deal in the world and save money!

Subscribe today to the International Herald Tribune and start receiving Europe's only international newspaper every day for less money than you'd pay on the newsstand.

You'll be making the most sensible news buy possible. And you'll be getting unequalled coverage of important world news, incisive articles by columnists and business and finance pages that offer international businessmen exactly

what they need to know.

New subscribers will save 25% on our regular subscription offer (which in itself is a substantial saving over newsstand prices).

Depending on your country of residence, that saving could be as much as 47% of the newsstand price!

Complete the coupon below and start getting more world news for less money today!

save up to **47%**

## These are the special rates after deduction of the introductory discount.

	12 mos.	6 mos.	3 mos.		12 mos.	6 mos.	3 mos.		12 mos.	6 mos.	3 mos.
Algeria (air)	\$12.00	\$6.00	\$3.00	Greenland (air)	\$12.00	\$6.00	\$3.00	New Zealand (air)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Hong Kong (air)	\$12.00	\$6.00	\$3.00	Norway (air)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Hong Kong (sea)	\$12.00	\$6.00	\$3.00	Poland (air)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	India (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Indonesia (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Iran (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Iran (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Israel (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Israel (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Italy (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Italy (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Japan (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Japan (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Kenya (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Kenya (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Libya (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Libya (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Madagascar (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Madagascar (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Malaysia (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Malaysia (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Mexico (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Mexico (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Morocco (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Morocco (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Nepal (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Nepal (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Netherlands (air)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00
Algeria (sea)	\$12.00	\$6.00	\$3.00	Netherlands (sea)	\$12.00	\$6.00	\$3.00	Poland (sea)	\$12.00	\$6.00	\$3.00

# INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Please send the newspaper by mail for: ☐ 12 months ☐ 6 months ☐ 3 months  
Saving 25% of the regular subscription rate.

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ COUNTRY \_\_\_\_\_

Important: PAYMENT MUST BE ENCLOSED WITH ORDER TO: International Herald Tribune, 181 avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. For accounting purposes, pre-forma invoices are available on request.

THIS OFFER FOR FIRST TIME SUBSCRIBERS ONLY

This offer valid through December 31, 1978.







JP 21 101 550

BUSINESS

INTERNATIONAL  
**Herald Tribune**

FINANCE

Published with The New York Times and The Washington Post

PARIS, FRIDAY, AUGUST 25, 1978

Page 7

**U.S. Banks Selling**

**Dollar Eases Slightly  
In Slower Trading**

LONDON, Aug. 24 (AP-DJ) — The dollar eased today against major currencies in quiet foreign exchange trading, following a downward trend that emerged late yesterday.

**Nations Cut  
U.S. Assets  
In Quarter**

WASHINGTON, Aug. 24 (REUTERS) — Foreign official assets in the United States declined by \$5.3 billion in the second quarter of the year, following a \$14.9-billion increase in the preceding three months, the Commerce Department said today.

It said a reduction in the official dollar holdings of the industrial countries accounted for about half the decline, while OPEC members and non-oil developing countries also reduced their dollar assets.

Net foreign purchases of U.S. securities, other than treasury securities, however, increased to \$1.4 billion in the second quarter, up \$900 million over the first, reflecting large purchases of U.S. stocks in April and May.

The department said liabilities to private foreigners and international financial institutions reported by U.S. banks rose to \$2.4 billion, up \$1.9 billion from the first quarter.

Claims on foreigners by U.S. banks fell by \$1.3 billion in the second quarter after a \$6.3-billion rise the previous three months.

Net U.S. purchases of foreign securities rose to \$1.1 billion, up \$100 million, as a rise in foreign bond issues was largely offset by an increase in net sales of outstanding bonds and stocks held by U.S. residents.

**Bayer Profits Off 10.9%;  
Veba Earnings Rise 31%**

LEVERKUSEN, West Germany, Aug. 24 (AP-DJ) — Bayer AG's world group pre-tax profits declined 10.9 percent in the first half of 1978, to 556 million Deutsche marks from 624 million DM in the year-earlier period, the company said today.

World group turnover in the first half rose 6.2 percent to 11.7 billion DM from 11.02 billion DM in the year-earlier period.

Parent company pre-tax profits declined 12.4 percent to 380 million DM from 434 million DM in the year-earlier period. Turnover was off 1.3 percent in the first half to 5.24 billion DM from the 1977 period's 5.27 billion DM. Of the total, foreign sales were up 0.6 percent to 3.1 billion DM from the year-earlier period while domestic sales dropped 3.8 percent to 2.14 billion DM.

In the second quarter of the year, Bayer world group turnover was up 7.9 percent to 6.05 billion DM, while parent company turnover dropped 2.6 percent to 2.59 billion DM.

**Veba Profits Up**

DUESSELDORF, Aug. 24 (AP-DJ) — Consolidated net profits of Veba AG rose a preliminary 31 percent to 84 million Deutsche marks in the first half of 1978 from 64 million DM in the year-earlier period, the company said today.

External turnover, the company said, rose to 14.82 billion DM in the period from 13.42 billion DM in the 1977 first half.

Rudolf von Bennigsen-Forster, management board chairman, said

of the Carter administration's intention, "one trader said. However, U.S. banks 'seem to be ignoring' the administration's signals entirely and continue to sell dollars, he added.

Dealers said trading slowed considerably from last week's heavy volume. The market is expected to remain quiet until Tuesday, when U.S. trade figures for July are scheduled to be released. Banks in Britain will be closed Monday for a national holiday, which should further lighten trading.

On the U.S. trade figures, originally slated for release tomorrow, a number of dealers forecast a narrower deficit from June's \$1.6-billion gap — the lowest in more than a year.

The dollar slumped earlier in the day after the report that foreign official assets in the United States had decreased \$5.5 billion in the second quarter. "People still are pretty cynical about holding dollars," one dealer noted, despite the official statements of support for the dollar.

In Bonn, Otto Schlect, West German state secretary in the Economics Ministry, said the over-reaction of speculative pressure on the dollar will decline in the near future as a result of U.S. actions to support its currency. However, he added that "you can't just purse your lips, you have got to whistle too," referring to follow-through measures.

The dollar eased to 2.0010 Deutsche marks from 2.0080 DM yesterday, fell to 1.6580 Swiss francs from 1.6645 and dropped to 4.3750 French francs from 4.3875 yesterday.

Against the yen, the dollar eased to 191.25 from 191.60 while sterling rose to \$1.9300 from \$1.9250, apparently as a result of a number of commercial orders, a trader said.

Gold, meanwhile, regained part of its loss from yesterday and was fixed at \$203.00 an ounce in London compared with the morning fix of \$202.70 an ounce and yesterday's afternoon fixing of \$200.20.

improved results were due particularly to sharp reductions in losses in the oil sector to 69 million DM from 204 million DM in the year-earlier period.

**Fahd's Faith  
In Dollar From  
Good Sources**

WASHINGTON, Aug. 24 (WP) — Last Friday, as Treasury Secretary Michael Blumenthal was getting ready to leave, the Saudi Arabian Minister of Finance and Economy, Mohammad Abalghail called.

He had noted President Carter's statement of concern about the decline of the dollar, and since his government was also worried about the dollar, could he get a better idea of U.S. plans?

The upshot of the call was that Mr. Blumenthal, along with undersecretary of monetary affairs, Anthony Solomon, took an Air Force plane the next morning to Disneyworld in Orlando, Fla., where Mr. Abalghail and family were vacationing.

For three hours, the U.S. officials reassured Mr. Abalghail about the seriousness of Mr. Carter's intention to reduce the U.S. trade deficit.

Mr. Abalghail relayed the gist of the conversation to Crown Prince Fahd.

What specific promises, if any, Mr. Blumenthal gave the Saudis is unknown. But his sales pitch was rewarded when the Saudi Crown Prince gave an interview to Al-Siyassa, a Kuwait newspaper, publicly declaring his government's confidence in the dollar (IHT Aug. 24).

**U.S. Weighs Wage and Price Guidelines  
Tax Code Studied for Incentive**

By Clyde H. Farnsworth

WASHINGTON, Aug. 24 (NYT) — As part of a stiffened anti-inflation effort, the Carter administration is conducting high-level studies of a "tax-based income policy" — a plan to use the tax code as either a carrot or a stick to encourage more moderate wage and price increases, high administration officials reported yesterday.

Deputies of the interagency Economic Policy Group, with representatives from the Treasury Department, the Office of Management and Budget, the Council of Economic Advisers and the State and Commerce departments, began sifting options in early August, administration sources said. The deputies group is to submit formal proposals to the parent body, which is chaired by Treasury Secretary Michael Blumenthal, in mid-September.

If the policy group endorses the ideas of its working party, they would become a key part of the economic and tax messages the President will send to Congress next January.

**Aimed at Inflation**

The administration's hope is to reduce the inflation rate substantially next year, which otherwise may turn out to be little better than this year's expected 8 percent.

According to one official, the deputies working party was instructed to "examine everything short of wage and price controls." These are still being ruled out because of the economic distortions and inequities that it is generally agreed they would generate.

Consideration of a tax-based income policy is one of the "continuing actions" the administration has promised to deal with inflation and the plummeting dollar.

The tax-based income policy, a subject of debate among economists for the last 18 months, is generally seen as presenting many drawbacks, in particular in the complexity of administering such a program. As one government economist put it, "anything requiring 140 pages of regulations becomes an administrative nightmare."

Inasmuch as the tax incentives or disincentives would have to be legislated, the plan runs counter to one of the administration's main tax policy objectives — simplification.

Essentially, there are two kinds of tax-based income policy — the sort that would reward restraint, as proposed by Arthur Okun, a senior economist at the Brookings Institution, and the sort that would penalize excesses, as proposed by Henry Wallich, a Federal Reserve Board governor, and Sydney Weintraub, a University of Pennsylvania economist.

**"Stick" or "Carrot?"**

The Treasury tax specialists, who lack enthusiasm for either approach, find the Wallich-Weintraub "stick" more palatable than the Okun "carrot" because it would not be giving public revenues away.

Some administration strategists contend that the anti-inflation policy could be managed more effectively if government procurement, instead of Federal tax provisions, were to become the means of pressure.

But procurement policies would apply pressure only to companies, while tax policy would affect unions as well as companies. In view of the busy calendar next year for collective bargaining, this is considered an important distinction.

**U.S. Bank Trusts Net Stock Sellers in 2nd Quarter**

NEW YORK, Aug. 24 (AP-DJ) —

The surprising switch of U.S. bank trust departments to the sell side of the stock market in the first quarter was not a fluke. The banks, which manage most of the private U.S. pension funds as well as personal trust investments, apparently were even heavier net sellers of stock in the second quarter.

Reports filed with the Controller of the Currency indicate that during the latest quarter the trust departments sold \$467 million more stock than they bought.

In the first quarter, their net selling amounted to about \$330 million. In other quarters since late 1974, when records first became available, the banks were net buyers, sometimes by as much as \$1.8 billion.

The purchase and sales balances were compiled by Computer Directions Advisors Inc., Silver Spring, Md., for Spectrum, a service that tracks bank and mutual fund transactions. The figures are approximate and are based on changes in shareholdings computed on the basis of June 30 closing prices. Banks covered in the report had common stockholdings of \$127 billion on that date.

**Mutual Funds Selling**

The unprecedented step-up of selling in the quarter, when mutual funds also were on the sell side, tends to confirm that the explosive market rally during the quarter was fueled by foreigners and margin, or credit, buyers — a group that includes private investment partnerships, counseling firms and individuals — and that the large institutions used the rally to lighten their holdings.

The banks did some of their heaviest selling in the oil and basic industry groups, with the largest reductions occurring in the chemicals, where sales outstripped purchases by \$143.7 million.

**Swedish Deficit Rises**

STOCKHOLM, Aug. 24

(Reuters) — Sweden's current-account payments deficit rose in the first quarter to 2.22 billion kronor (about \$490 million) from \$1.8 billion kronor in the preceding quarter but was below the 4.82-billion-kronor shortfall of a year ago, the Bank of Sweden reported.

**AMC, Renault Talks Moving Slowly**

American Motors said its talks with Regie Nationale des Usines Renault, the French automaker, aimed at framing a joint car distribution and production agreement, were moving at a slower pace than originally expected. But the no. 4 U.S. auto maker said there is still a possibility that a Renault model will be in AMC dealer showrooms this autumn — the target AMC had set when it announced the negotiations earlier this year. Gerald Meyers, AMC president and chief executive officer, said the talks with Renault "are progressing," and both are attempting to deal with the "realities and complexities of putting the agreement together."

**FINANCIAL NEWS AND NOTES**

**Pan Am Owns Some National Shares**

Pan American World Airways, which proposed an offer of \$35 a share for National Airlines stock, says it has already bought 4.8 percent of National's common. National has about 8.5 million shares outstanding, indicating that a Pan Am purchase of all the stock would amount to nearly \$300 million. Texas International Airlines, however, has also been fighting for control of National and has bought nearly 800,000 shares of National for about \$18 a share. Pan Am's offer would provide Texas International with a handsome profit, but whether National accepts Pan Am's offer is still a question. National said its board instructed management to consider "other appropriate alternatives," although it made it clear, however, that the Texas International bid is not one of them.

**BP Shetlands Well Noncommercial**

British Petroleum says it has completed its current program on well 206-8 west of the Shetlands. The well tested gas from a small accumulation at the top

of the reservoir and four deeper intervals produced oil of 22 to 25 API gravity at noncommercial rates. The well has been suspended and the Sea Conquest rig moved to the 206-3 location to drill an appraisal well approximately 3 kilometers northeast of the 206-8-1a discovery well announced in 1977.

**Morgan Purchases**

Among its largest transactions, Morgan bought 1.4 million shares of American Motors. The bank sold 2.8 million shares of British Petroleum, 1.4 million shares of Gulf Oil, and nearly 1.8 million shares of Sony.

Other large Morgan purchases in shares included 848,000 of K-Mart, 787,000 of American Airlines, 775,000 of Chicago, 747,000 of Digital Equipment, 711,000 of Carter, and more than 500,000 shares each of American Hospital Supply, Bristol-Myers, Gillette, Penney and Schering-Plough. Among Morgan's sales were 883,000 shares of Union Carbide, 830,000 shares of Continental Group and more than 500,000 shares each of Connecticut

WASHINGTON, Aug. 24 (WP) — In the wake of the latest dollar crisis, the Carter administration is being urged by Federal Reserve Board chairman William Miller, among others, to move into "stage two" of its anti-inflation program, by setting voluntary wage and price guidelines. Mr. Miller prefers to call them "standards" of behavior for unions and companies.

Like most experts, Mr. Miller cites the dangerous U.S. inflationary trend as the main reason for the decline of the dollar.

And while the recent interest rate hike has had a salutary, temporary effect on the dollar's decline, Mr. Miller is wise enough to know that the Fed by itself can not stabilize the dollar without bringing on a deep recession in the United States.

In an interview after the Fed raised the key discount rate, Mr. Miller made clear that the Fed will not try to make the dollar whole while tearing the country to pieces.

A guidelines approach is necessary because President Carter's Apr. 11 anti-inflation program, built around a request for "deceleration of wage and price increases," has not worked.

No consensus has yet developed on specific guidelines that would be suitable. But the general idea getting an airing in government circles is a wage compensation standard for 1979, including basic salary plus fringe benefits, of 5-to-7 percent, dropping to a bracket of 5.5-to-6.5 percent for 1980 and 5-to-6 percent for 1981.

On prices, the standard would be roughly the wage standard less productivity gains. Thus, in 1979, the suggested price increase limit would be 3.5-to-4 percent, moving progressively lower in the later years.

**Ominous Possibility**

It's a touchy subject, because most businessmen and labor leaders fear that numerical guidelines are the prelude to wage and price controls. And everyone is sensitive to the fact that in a similar dollar crisis almost exactly seven years ago President Nixon, who like Mr. Carter, pledged never to resort to wage-price controls, did in fact impose them.

This time, there is no legislative authority for wage-price controls, and a request for such power might be impossible to get through Congress. But price increases are escalating at a rate exceeding 10 percent, with an expected over-all inflation rate for the year expected at eight percent — twice the Japanese rate and three times the West German rate.

Moreover, as wage-price watchdog Barry Bosworth has pointed out numerous times, there is the ominous possibility that the current rate of inflation will be projected indefinitely into the future if the 1979 round of wage increases is allowed to run near 10 percent.

There will be lots of discussion of stage two before it finally crystallizes in September. But White House officials now support the idea that some form of a stronger anti-inflation program is necessary, along with financial steps to make dollar-proping operations more credible.

"Criticism of the Fed (for being too soft) is misdirected," Mr. Miller said. "There is no lack of commitment on the part of the Fed to do its job to control inflation."

The Fed chairman needs help, however, and he needs it from Mr. Carter, labor leaders and business.

The alternative is a U.S. recession leading, as Mr. Miller says, to "worldwide dislocation."

**General Insurance, Consolidated Freightways, W.R. Grace and Texaco.**

Citibank was listed as a net seller of 828,000 shares of Xerox, 766,000 of Kodak, 535,000 of Whirlpool, and more than 300,000 shares each of Black & Decker, Carrier, Digital

Equipment, General Electric, Eli Lilly, Minnesota Mining, Motorola, Sears, Sony and UAL. Among Citibank's largest purchases were 549,000 shares of Westinghouse Electric, 388,000 of Arizona Public Service and 339,000 of Continental Illinois.



**The man with exceptional goals  
needs an exceptional bank.**

What makes Trade Development Bank exceptional? To start with, there is our policy of concentrating on things we do unusually well. For example, trade and export financing, foreign exchange and bank notes, money market transactions and precious metals.

Geographically, too, we work mainly in areas where we have something special to offer. This includes the U.S.A. (our U.S. affiliate, Republic National Bank of New York, is now one of America's 60 largest banks). It also includes a number of

countries which, frankly, many other banks lack the first-hand knowledge to tackle properly.

What's more, we keep our back-office systems running abreast of our business. You may not notice this directly, but it shows up in quicker decisions and fewer errors.

Serving our clients well has helped us grow uncommonly fast. Today, we're big enough to provide most of the sophisticated facilities of the international banking giants — but lean enough not to keep you waiting for decisions.

As part of the Trade Development Bank Holding Group, we're ready to serve you in most of the world's financial centers.

TDB Holding Group: \$4.8 billion in assets; \$457.8 million in capital and loan funds employed, as of 30th June, 1978.

Key Group offices: Geneva, London, Paris, New York (Republic National Bank of New York). Other offices in Beirut, Bogotá, Buenos Aires, Caracas, Chiasso, Frankfurt, Luxembourg, Mexico City, Montevideo, Nassau, Panama City, Rio de Janeiro, São Paulo, Tokyo.

**Trade Development Bank**

Trade Development Bank (France) S.A., located at 20, Place Vendôme, Paris, offers clients a full range of international banking services.



COMPANY	INDUS.	1978 HIGH-LOW	CLOS. PRICE Aug. 34	HIGH-LOW MON.-WED.	P/E	5 YIELD (%)	EARN. PER SH.— 75, 76, 77	SHS. OUTS. (000)	LATEST COMPANY NEWS
AQUITAINE.....	Petrol	587 - 237	540	540 - 543	7	3.2	83.00 - 55.63c - 82.00	14,774	1977 net dividend of F 17.50 payable since July 6, 1978.
BOUYGUES.....	Construct.	929 - 275	844	858 - 635	10	3.3	25.92 - 30.34c - 83.50c	600	1977 group consolidated turnover = 3.4 bil. Fr. (up 31% vs. 1976).
BEN GERVAS DANONE	Glass food	589 - 318	516	519 - 512	26	5.2	24.39 - 20.12c - 20.10c	2,332	1st semester 1978 group consolid. turnover = 7254 M.Fr. vs. 6251 M.Fr. (+15.8%).
CHARGEURS REUNIS	Shipping Air transp.	185 - 126.40	186.50	183 - 178.20	12	6.3	16.41 - 13.34 - 15.60	1,866	As of July 6 net div. of Fr.11.70 for regular shares; Fr.232 to founder shares.
CHIMIQUE ROUTIERE.....	Public works	124.20 - 80.50	114	116 - 112	8	7.0	18.02 - 24.40c - 14.30c	1,672	77 net dividend of F.8.00 (vs. F.7.40 in 76) payable since July 17.
CREDIT COM. DE FRANCE...	Bank	139.40 - 84	123	121.80 - 120	9	6.5	15.85 - 14.08c - 13.30	5,768	Union de Banques pour l'Europe. 77 net profit = 4.1 MF vs. 3.5 MF in 76.
CREDIT INDUSTRI. & COMM.	Bank	129 - 72.50	123.90	124 - 123	14	5.6	10.84 - 8.74 - 9.00	4,828	C.C. group 77 consolidated balance = 79,362 MF (vs. 68,796 MF in 76).
CREUSOT-LOIRE.....	Heavy Ind	91 - 42	91.50	94 - 85.40	—	—	9.62 - 5.56c - —	3,684	1977 consol. turnover (as-reported) = 10,564 MF (+20% vs. 1976).
ELAFRANCE.....	Holding	353 - 124	328	334 - 328	5	3.6	35.50 - 54.30c - 69.50c	2,193	77 net consol. consol. net share F.498 vs. F.423 in 1976 (+18%).
ERODO S.A.F.....	Equip. Autom.	485 - 296	449.50	460 - 451.50	12	4.6	29.27 - 73.01c - 38.20	1,545	Group's 78 investments to represent about 5% of consol. turnover.
IMETAL.....	Mining	96.10 - 45.80	65.30	63.40 - 62.50	6	5.8	2.44 - 21.51c - 10.32	2,964	Invited 1977 net dividend net at Fr. 3.80 vs. Fr. 2.50 in 1976.
MOET-HEINNESSY.....	Beverag.	590 - 268	513	526 - 518	25	1.6	5.71 - 12.71c - 20.80c	3,158	Net dividend of Fr. 8.40 - payable since July 10th.
NORD (Compagnie des).....	Holding	23.90 - 15	21	20.90 - 20.60	—	7.1	0.29 - 1.72 - 2.15	13,284	Despite 28.5MF deficit in 77, dividend maintained at Fr. 1.50 per share.
PECHINEY-UG.-KUHLMANN.	Chemunin	95.30 - 62.10	87	90.80 - 88.10	16	5.6	6.30 - 6.00c - 5.60	25,491	1st semester 78 consolidated turnover = 14,426 MF (+2% vs. 77).
PSA PEUGEOT-CITROEN	Holding	500 - 201	591	486 - 480.30	4	1.9	42.79 - 132.77 - 134.45c	9,550	PSA Peugeot-Citroen to buy Chrysler European operations.
RAFFINAGE (Cn. Fr.).....	Petrol	98 - 51.70	96.50	93.50 - 92.20	—	6.2	— - - -	5,450	1977 dividend will be maintained at Fr.4.
REDOUTE.....	Mail order	628 - 458	585	584 - 578	12	3.1	45.57 - 47.86c - 48.00c	926	March-July 78 group turnover = 1,497 MF vs. 1,192 MF same period 77 (+20.2%).
RHONE-POULENC.....	Chemicals	108.70 - 48.50	103.50	103.20 - 99	24	5.8	5.83 - 6.34 - 4.40c	18,941	59% of total 77 sales made abroad vs. 57% in 76.
ROBECO.....	Invest. Comp.	284 - 337.40	353	358 - 354	—	10.3	(not relevant)	25,300	Rorante shares now listed on leading Swiss exchanges.
SKIS WOSSIGNOL.....	Ski manuf.	1918 - 1225	1695	1699 - 1693	24	1.3	75.76 - 87.48 - 70.00c	310	Group ski sales estimate for 1978: 3 Million Pairs.



# NYSE Nationwide Trading Closing Prices August 24

[illegible]





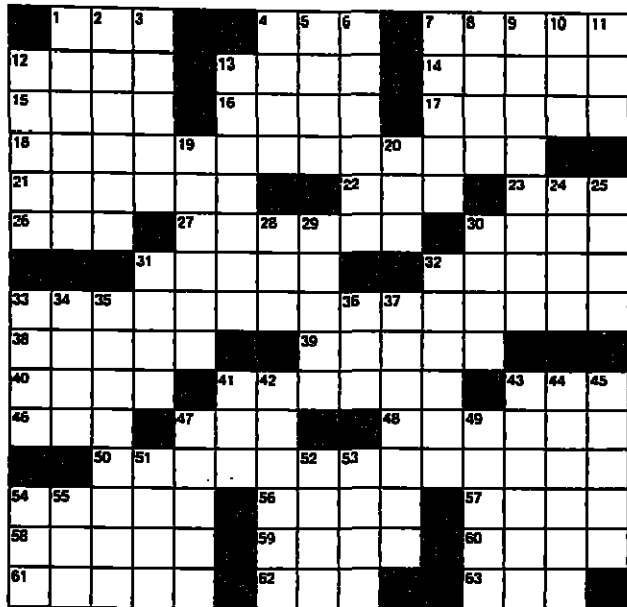


مكتبة المجلد

### Mexico Seeking \$2 Billion Loan From International Bank Group



CROSSWORD By Eugene T. Maleska



- ACROSS
- 1 Rialto notice
  - 4 Saharan garment
  - 7 Famed librarian
  - 12 Pass swiftly over
  - 13 Composer Khachaturian
  - 14 Earthy pigment
  - 15 Wood: Comb. form
  - 16 "Kon —"
  - 17 Cheviot and Romney
  - 18 Wrath
  - 21 Involve necessarily
  - 22 Unfortunate
  - 23 Followers of els
  - 26 Penny and Amtrak
  - 27 Entices
  - 30 With: Fr.
  - 31 "Socratic" composer
  - 32 Contralto Nikolai
  - 33 Become enraged
  - 34 Rounded molding
  - 39 Battery feature
  - 40 Ketch tipper
  - 41 Neighbor of Mozambique
  - 43 Author — Passos
- DOWN
- 1 Rawboned
  - 2 Constitutional concern
  - 3 "— vincit amor": Virgil
  - 4 Like the Sinai's el Th
  - 5 Caspian port
  - 6 Surrounded by
  - 7 Gave medicine to
  - 8 Parrot
  - 9 At any time
  - 10 Poetic word
  - 11 Slangy assent
  - 12 Crazier
- PEANUTS
- 13 Arena figure
  - 14 Gypsy
  - 15 Kryptonite one
  - 16 Diner's need
  - 17 Title MacArthur held
  - 18 Musical notes
  - 19 Go by bike
  - 20 Sheltered, at sea
  - 21 Dover
  - 22 Swirled
  - 23 — dancer
  - 24 Harrington, — Meredith novel
  - 25 Bear
  - 26 Memorabilia
  - 27 Nonexistent place
  - 28 Mims
  - 29 Committee's concern
  - 30 Theologian
  - 31 Prayer
  - 32 Starchy nutrient
  - 33 Energetic
  - 34 Full of microorganisms
  - 35 River of Asia
  - 36 Spree
  - 37 Disserve
  - 38 Fidel's former sidekick
  - 39 Part of r.p.m., for short

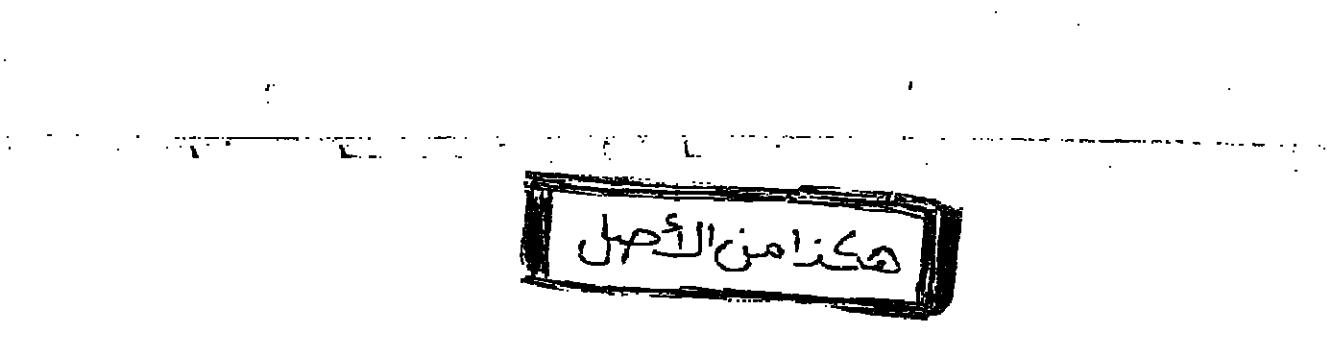
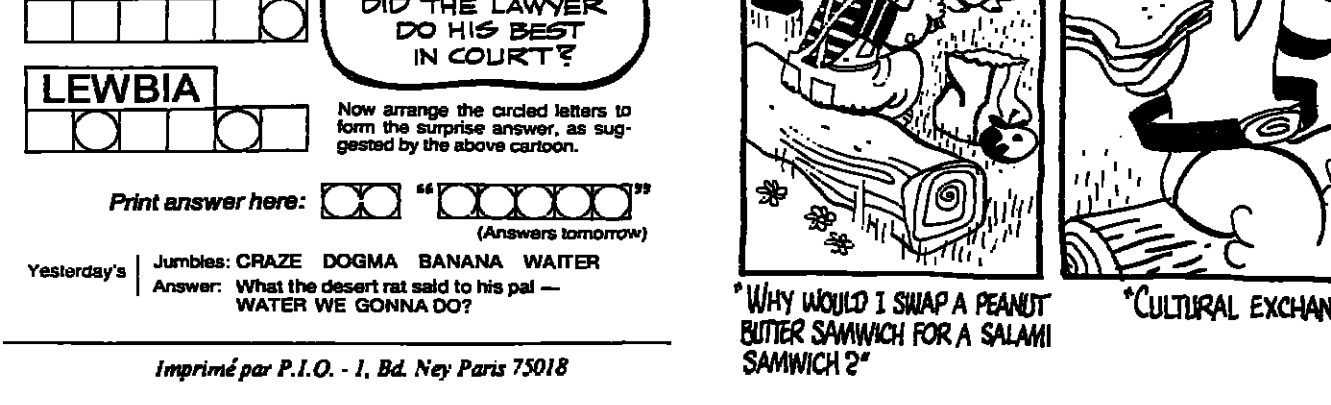
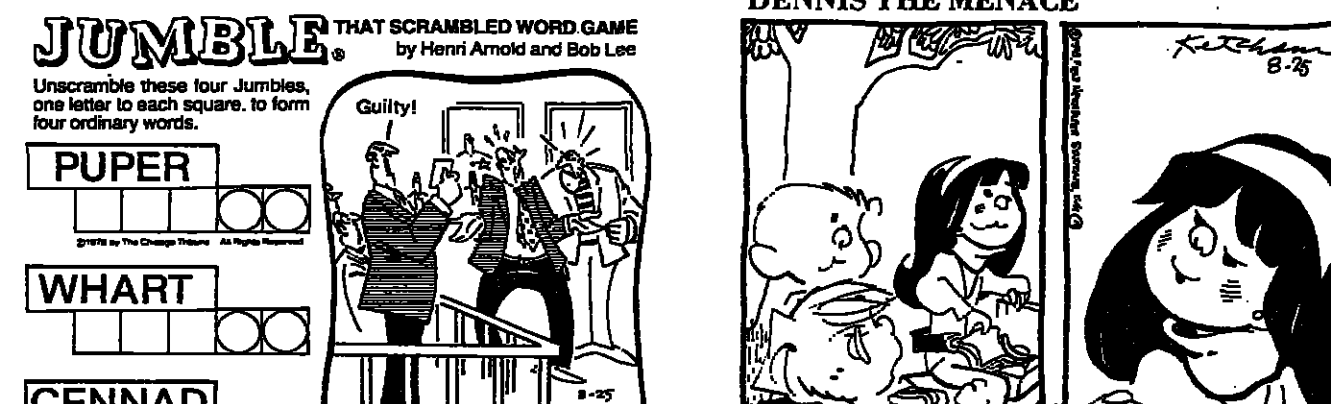
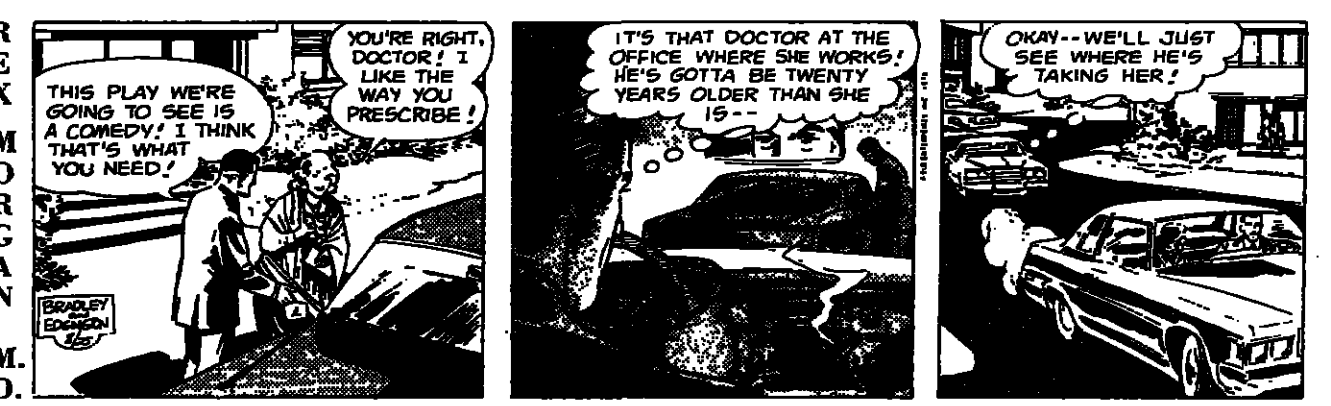
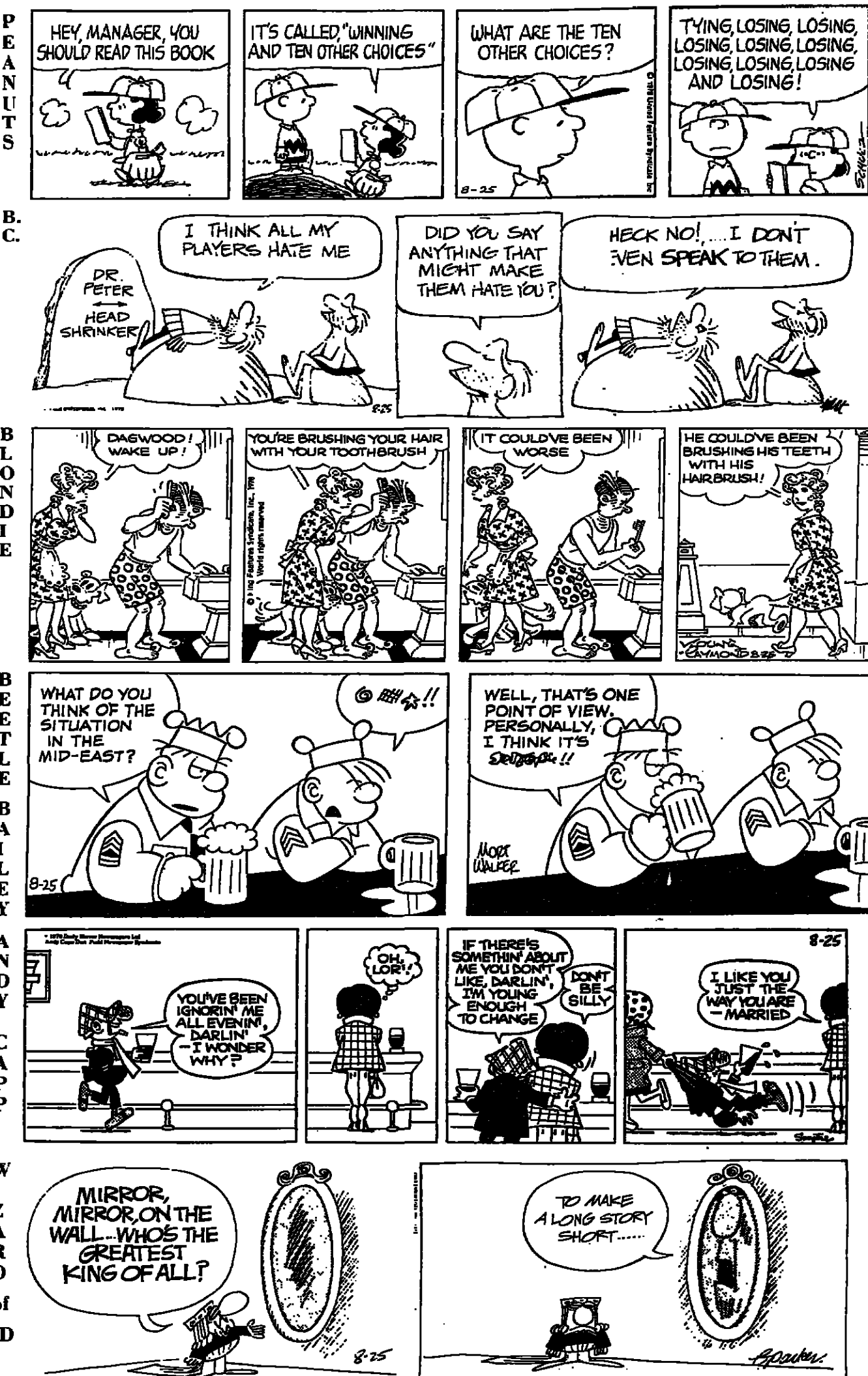
WEATHER

ALABAMA	28	Clear	MADRID	28	Clear
ALASKA	28	Cloudy	MILAN	28	Cloudy
ARIZONA	28	Cloudy	MONTREAL	28	Cloudy
ARKANSAS	28	Cloudy	MOSCOW	28	Cloudy
CALIFORNIA	28	Cloudy	MUNICH	28	Cloudy
CANADA	28	Cloudy	NEW YORK	28	Cloudy
COLORADO	28	Cloudy	OSLO	28	Cloudy
CONNECTICUT	28	Cloudy	PARIS	28	Cloudy
DELAWARE	28	Cloudy	PRAGUE	28	Cloudy
FLORIDA	28	Cloudy	ROME	28	Cloudy
GEORGIA	28	Cloudy	STOCKHOLM	28	Cloudy
ILLINOIS	28	Cloudy	TEL AVIV	28	Cloudy
INDIANA	28	Cloudy	TOKYO	28	Cloudy
IOWA	28	Cloudy	TUNIS	28	Cloudy
KANSAS	28	Cloudy	VIENNA	28	Cloudy
KENTUCKY	28	Cloudy	WARSAW	28	Cloudy
LOUISIANA	28	Cloudy	WASHINGTON	28	Sunny
MAINE	28	Cloudy	ZURICH	28	Cloudy
MARYLAND	28	Cloudy			
MASSACHUSETTS	28	Cloudy			
MICHIGAN	28	Cloudy			
MINNESOTA	28	Cloudy			
MISSISSIPPI	28	Cloudy			
MISSOURI	28	Cloudy			
MONTANA	28	Cloudy			
NEBRASKA	28	Cloudy			
NEVADA	28	Cloudy			
NEW HAMPSHIRE	28	Cloudy			
NEW JERSEY	28	Cloudy			
NEW MEXICO	28	Cloudy			
NEW YORK	28	Cloudy			
NORTH CAROLINA	28	Cloudy			
NORTH DAKOTA	28	Cloudy			
OHIO	28	Cloudy			
OKLAHOMA	28	Cloudy			
OREGON	28	Cloudy			
PENNSYLVANIA	28	Cloudy			
RHODE ISLAND	28	Cloudy			
SOUTH CAROLINA	28	Cloudy			
SOUTH DAKOTA	28	Cloudy			
TENNESSEE	28	Cloudy			
TEXAS	28	Cloudy			
UTAH	28	Cloudy			
Vermont	28	Cloudy			
VIRGINIA	28	Cloudy			
WASHINGTON	28	Cloudy			
WEST VIRGINIA	28	Cloudy			
WISCONSIN	28	Cloudy			
WYOMING	28	Cloudy			

INTERNATIONAL FUNDS

ADVERTISING	
August 24, 1978	
The net asset value quotations shown below are supplied by the funds listed with the exception of some Swiss funds whose quotes are based on Swiss prices. The following means: (w)—weekly; (m)—monthly; (q)—quarterly; (y)—annually.	
BANK JULIUS BAER & CO. LTD.	
(d) Boerbond	\$F 721.35
(d) Grobler	\$F 721.35
(d) Grobler	\$F 721.35
(d) Grobler	\$F 721.35
BANQUE VON ERNST & CIE.	
(d) CEF Fund	\$F 13.28
(d) CEF Fund	\$F 13.28
(d) CEF Fund	\$F 13.28
(d) CEF Fund	\$F 13.28
BRITANNIA TRUST MGMT. CO. LTD.	
(w) Universal Dollar Trust	\$ 5.75
(w) High Interest Short-Term	\$ 5.75
(w) High Interest Short-Term	\$ 5.75
(w) High Interest Short-Term	\$ 5.75
CAPITAL INTERNATIONAL	
(d) Capital Int'l Fund	\$ 19.34
(d) Capital Int'l Fund	\$ 19.34
(d) Capital Int'l Fund	\$ 19.34
(d) Capital Int'l Fund	\$ 19.34
CREDIT SUISSE	
(d) Actions Suisse	\$F 282.25
(d) Actions Suisse	\$F 282.25
(d) Actions Suisse	\$F 282.25
(d) Actions Suisse	\$F 282.25
DIT INVESTMENT FRANKFURT	
(d) Concorde	DM 21.90
(d) Concorde	DM 21.90
(d) Concorde	DM 21.90
(d) Concorde	DM 21.90
FIDELITY (BERMUDA)	
(w) Fidelity Amer. Assn.	\$F 30.30
(w) Fidelity Amer. Assn.	\$F 30.30
(w) Fidelity Amer. Assn.	\$F 30.30
(w) Fidelity Amer. Assn.	\$F 30.30
G.T. (BERMUDA) LIMITED	
(w) Berry Pac. Fd. Inv.	\$ 23.12
(w) Berry Pac. Fd. Inv.	\$ 23.12
(w) Berry Pac. Fd. Inv.	\$ 23.12
(w) Berry Pac. Fd. Inv.	\$ 23.12
JARDINE FLEMING	
(r) Jardine Japan Fund	\$ 24.01
(r) Jardine Japan Fund	\$ 24.01
(r) Jardine Japan Fund	\$ 24.01
(r) Jardine Japan Fund	\$ 24.01
LLOYDS INT'L MGT. CO. LTD.	
(w) Lloyds Int'l Growth	\$F 326.00
(w) Lloyds Int'l Growth	\$F 326.00
(w) Lloyds Int'l Growth	\$F 326.00
(w) Lloyds Int'l Growth	\$F 326.00
SOFID GROUPE GENEVE	
(r) Porteur Sec. R. Est.	\$F 145.50
(r) Porteur Sec. R. Est.	\$F 145.50
(r) Porteur Sec. R. Est.	\$F 145.50
(r) Porteur Sec. R. Est.	\$F 145.50
SWISS BANK CORP.	
(d) American-Volant	\$F 224.90
(d) American-Volant	\$F 224.90
(d) American-Volant	\$F 224.90
(d) American-Volant	\$F 224.90
UNION BANK OF SWITZERLAND	
(d) Amco U.S. Sh.	\$F 22.70
(d) Amco U.S. Sh.	\$F 22.70
(d) Amco U.S. Sh.	\$F 22.70
(d) Amco U.S. Sh.	\$F 22.70

Imprimé par P.I.O. - 1, Bd. Ney Paris 75018



BOOKS

TOLSTOY'S LETTERS  
Volume I: 1828-1879. Volume II: 1880-1910.  
Selected, edited and translated by R.F. Christian. Scribner.  
Illustrated. 737 pp. \$35 (boxed set).  
Reviewed by John Leonard

TOLSTOY wrote to N.N. Strakhov in 1883: "It seems to me that you have been the victim of a false and erroneous attitude — not on your part but on everybody's part — toward Dostoevsky — an exaggeration of his importance, an elevation into a prophet and saint of a man who died in the very feverish process of an inner struggle between good and evil. He is touching and interesting, but one cannot set on a pedestal for the edification of posterity a man who was all struggle."

Thus, from "a man who was all struggle" himself, is amazing. But his mind was amazing, and these letters, so meticulously edited, are amazing. If Sir Isaiah Berlin's "The Hedgehog and the Fox" was a masterly account of Tolstoy's intellectual struggle, these letters tell the other side of the story, an epic of emotions. Perhaps there was room in 19th-century Russia for only one prophet and one saint, and the pedestal stood at Yasnaya Polyana. Is there such a thing as a coercive saint?

Tolstoy was never ambivalent. He was merely sure of different things at different times. Thus, in his opinion in 1857, Goethe belonged with Homer; in 1866, Goethe belonged with Aristophanes, and in 1880, Faust was a "trifle" and "that trashiest of trash." Whereas, when Dostoevsky died in 1881, Tolstoy was overcome by "how precious he was to me, and I cried and am still crying." By 1883 it was clear that "surely Turgenev will outlive Dostoevsky," and by 1910 he was condemning "The Brothers Karamazov" for "its frivolity, affectation and unseemly attitude to important subjects."

On Shakespeare, Tolstoy was consistent: "Crude, immoral, vulgar and senseless." George Orwell suggested in 1946 that Tolstoy's dislike of Shakespeare was really a "quarrel between the religious and the humanist attitudes toward life." Orwell also suggested that Tolstoy's particular aversion to "King Lear" might have been rooted in a subconscious recognition that Lear's story very much resembled his own: renunciation of riches, betrayal by one's children. Indeed, Tolstoy's "sudden, unplanned flight across country, accompanied only by a faithful daughter, the death in a cottage in a strange village" seems a "phantom reminiscence of 'Lear.'" Can King Lear be a saint?

And so on. The dissolute youth would grow up to regard sex as "humiliating . . . repulsive," and vodka as an abomination. The soldier and the sportsman would later on decide in favor of nonviolence.

None of this affects his genius. It just saddens the reader to think that so many people in his world, including King Lear himself had to live in "Anna Karenina" or "War and Peace." We learn incidentally, from this splendid collection, that Tolstoy at one time wanted to call his master work "War and Peace," but "All's Well that Ends Well." It didn't.

John Leonard is on the staff of The New York Times.

VFW to Allow Women to Join

DALLAS, Aug. 23 (AP) — After two hours of debate, delegates to the Veterans of Foreign Wars convention voted yesterday to allow women to join their organization. The vote was 1,000 to 999. The VFW charter was 9,785 to 4,019, well over the two-thirds majority needed. It means women who served in the U.S. armed forces in wars overseas can join.

BRIDGE By Alan Truscott

On the diagrammed deal North-South have borderline values for a slam, and might play in spades, hearts or diamonds. The worst of these is hearts, because two honors are missing. Best of all is six no-trump, but this is not easy to reach, especially when West takes advantage of the favorable vulnerability to leap to the four-level over the opening one-heart bid.

West put on the pressure by making the four-club bid and North made a negative double, indicating substantial values but a lack of heart support. With 20 high-card points South was looking for a slam, and jumped directly to six diamonds. This was a reasonable contract, but it would have been defeated by the trump split combined with the failure of the spade finesse.

However, North-South were saved because East chose a rather greedy double. He was correct in judging that six diamonds would fail, but did not allow for the possibility that South would retreat to six no-trump. When South did retreat, East doubled again, only to find that this slam was unbeatable.

A spade was led, and East won his king. But as the diamond queen was marked in the East hand, South had no trouble. He scored four spade tricks, four diamond tricks with the aid of a finesse, two hearts and two clubs.

In the replay, the bidding began similarly, but instead of jumping to six diamonds, South made a cue-bid of five clubs, leaving many doors open. In such situations, when the bidding has been crowded, the cue-bid suggests a slam and asks partner to select suit.

North jumped to six spades, since his hand and his spades were as good as they could possibly be in the light of his original pass. This should have ended the auction. For South could not safely try no-trump.

WEST put on the pressure by making the four-club bid and North made a negative double, indicating substantial values but a lack of heart support. With 20 high-card points South was looking for a slam, and jumped directly to six diamonds. This was a reasonable contract, but it would have been defeated by the trump split combined with the failure of the spade finesse.

However, North-South were saved because East chose a rather greedy double. He was correct in judging that six diamonds would fail, but did not allow for the possibility that South would retreat to six no-trump. When South did retreat, East doubled again, only to find that this slam was unbeatable.

A spade was led, and East won his king. But as the diamond queen was marked in the East hand, South had no trouble. He scored four spade tricks, four diamond tricks with the aid of a finesse, two hearts and two clubs.

In the replay, the bidding began similarly, but instead of jumping to six diamonds, South made a cue-bid of five clubs, leaving many doors open. In such situations, when the bidding has been crowded, the cue-bid suggests a slam and asks partner to select suit.

North jumped to six spades, since his hand and his spades were as good as they could possibly be in the light of his original pass. This should have ended the auction. For South could not safely try no-trump.

